

Obese? Renegade Gene Seems to Tip the Scales

Because of Mutation, Scientists Say, Body Doesn't Cry 'Enough!' at Meals

By Natalie Angier

New York Times Service

NEW YORK — Lending mighty support to the theory that fat people are not made but, rather, born that way, scientists have discovered a genetic mutation that is thought to be responsible for at least some types of obesity.

The mutation is believed to disrupt the body's energy metabolism and appetite control center, the mechanism that tells the brain one has eaten enough and has sufficient fat stores to meet the demands of the day. Without a working hormonal signal for fullness, or satiety, a person might continue to overeat even when extreme corpulence threatens health and self-esteem.

The discovery could accelerate scientists' understanding of the molecular basis of obesity, a condition that afflicts one in three Americans, although a practical application is probably a decade away.

People are considered obese when they are more than 20 percent above their ideal weight, at which point their risk for disorders like diabetes, high blood pressure and heart disease rises.

Eventually, the finding might lead to novel and more effective therapies for weight problems, notably a drug that would mimic the protein produced by the newly discovered gene.

In theory, supplying people with the satiety signal they lack could help them feel satisfied with smaller amounts of food and thus lose weight without the sense of deprivation and hunger that often under-

mine conventional efforts to shed fat. Another possibility is testing for a genetic predisposition early in life, when modifying the diet would mitigate the effects of the gene.

But researchers caution that it will take 5 to 10 years to translate the preliminary results into a medication. Much work remains to be done to prove that the gene, called obese, or ob for short, is indeed the body's satiety signal and that the use of it in experimental animals leads to weight loss.

Dr. Jeffrey M. Friedman of the Howard Hughes Medical Institute at Rockefeller University in New York and five colleagues reported the isolation of the ob gene Friday in the journal Nature.

"I think it's a landmark paper," said Dr. Timothy J. Rink, president and head of research at Amylin Pharmaceuticals in San Diego, California. "It isn't all demonstrated yet, but this looks to be the central hormonal control of body weight and body fat." Dr. Rink wrote an editorial accompanying the latest report.

Dr. Phillip Gordon, director of the National Institute of Diabetes and Digestive and Kidney Diseases in Bethesda, Maryland, said: "This is a major breakthrough, but it is very important that people understand it will not have any immediate application. The treatment and prevention of obesity still rest with diet and exercise."

The scientists found the gene by studying a strain of mouse that can balloon up

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Bihac Crisis Plunges Croats Into Fight With Rebel Serbs

By Roger Cohen

New York Times Service

TOPUSKO, Croatia — Intense mortar and artillery fire broke out between rebel Serbs and Croatian government forces Thursday as the crisis in the Bosnian enclave of Bihac threatened to provoke a wider war.

Paul Riskey, a spokesman for United Nations peacekeepers, said Thursday that there was a fierce exchange of artillery and mortar fire between the Croatian Army and the Serbs who have occupied close to one-third of Croatia since 1991.

The large number of Croatian Serbs in the Serbian assault on the Muslim enclave of Bihac in northwestern Bosnia has brought tensions between Zagreb and the Serbs who rebelled against Croatian independence in 1991 to a breaking point.

The shelling and mortar fire, one of 129 violations of a cease-fire between Croats and Serbs in two days, took place in the Ljimar and Vranovaca areas south of the self-styled capital of the Croatian Serbs in Knin.

At the same time, a heavily armed Bosnian Serbian commando unit crossed into the Serbian-held part of Croatia.

Michael Williams, a UN spokesman, said the Bosnian Serbs entered Croatia

near Bosanski Novi, raided the UN military observation post and took seven Ukrainian soldiers prisoner. The prisoners were taken back into Serb-held territory in Bosnia, and no contact with them has been permitted.

The Ukrainians joined the approximately 500 UN peacekeepers seized by the Serbs since NATO carried out an air raid on the Udbina airfield in Serb-held Croatia last week. In effect, these captive soldiers have provided reliable insurance against further NATO action.

The Bihac crisis has again focused attention on the smoldering problem of the Serbian occupation of large areas of Croatia known as Krajina. Serbs from the region have attacked Bihac out of an illegally occupied area, crossing an international border to come to the assistance of their fellow Serbs in Bosnia.

"Up to now the Croatian government has shown considerable restraint and patience," Mr. Williams said. "But they have been obliged to witness an attack by Serbs out of Croatia into another member state of the United Nations. Obviously, they are extremely concerned."

Defense Minister Gerojko Susak of Cro-

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LOATH TO SINK — The Achille Lauro ablaze off Somalia on Thursday. The liner, listing and empty, remained afloat as about 1,000 passengers who had taken refuge on a tanker were rescued. Two people were killed. Page 7.

In Trade Debate, a Shift to Protectionism

By Tom Buerkle

International Herald Tribune

BRUSSELS — The world trade agreement appeared headed for approval in the U.S. Senate on Thursday, but the intense debate over the accord revealed a rapid fraying of the free-trade consensus that has prevailed in the United States and other industrialized countries since World War II, officials and analysts said.

The shift, which is likely to slow further trade liberalization efforts, reflects acute fears that the jobs of millions of middle-class workers are threatened by the mass of cheap labor in rapidly developing economies in Asia and Latin America.

The protectionist sentiment is reinforced in the United States by a budding isolationism that has led even establishment figures like Senator Bob Dole of

Kansas, the incoming Senate majority leader, to question the future of NATO.

"There is a feeling that the world is a troubled place, and we're better off not opening up any further," said Gary Hufbauer of the Institute for International Economics in Washington.

Intense last-minute lobbying by President Bill Clinton, senior Republicans led by Mr. Dole and business leaders got the General Agreement on Tariffs and Trade accord through the House of Representatives comfortably on Tuesday, and was expected to win approval in the Senate late Thursday.

"By the time the vote is actually taken tonight, we expect GATT will pass," the White House press secretary, Dee Dee Myers, said Thursday.

Passage would represent a major victory for Mr. Clinton, and could help him estab-

lish cooperation on other issues with the Republicans who swept control of both houses of Congress last month.

It also would virtually assure the planned Jan. 1 start-up of the trade accord, which cleared a key hurdle in Japan's Parliament on Thursday and is expected to be ratified in Europe in coming weeks.

Still, the vote was a far cry from the previous GATT deal, the 1978 Tokyo Round agreement. That was approved, 395 votes to 7, in the House and 90 to 4 in the Senate.

For a country that single-handedly designed GATT in 1948 and made open trade a cornerstone of postwar security and prosperity, today's opposition represents a drastic change.

Peter Sutherland, director-general of

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Russia Balks Over NATO Expansion To the East

Moscow Refuses to Sign Accord on Special Ties; U.S. Plays Down Move

By Daniel Williams

Washington Post Service

BRUSSELS — NATO's foreign ministers tried to turn attention away from the Balkans and paint a rosy picture of future European security on Thursday, but their efforts were undercut by the Russian foreign minister, Andrei V. Kozyrev, who objected to NATO's long-range plans to extend membership to former Soviet satellites.

Mr. Kozyrev was in Brussels to sign a program of military cooperation and consultation with the North Atlantic Treaty Organization, but in an extraordinarily awkward moment for the alliance he told the 16 NATO ministers that he would refuse to go ahead with it.

"Very frankly I must tell you, there are certain issues that must be clarified," he said, fingering the day's NATO communiqué that set out the next steps for possible expansion. "If the strategy of NATO is to enlarge, that requires consultation."

The NATO secretary-general, Willy Claes, responded quickly: "It's not too difficult to explain. I'll ask the press to leave now." The television cameras were shut off.

American officials dismissed Mr. Kozyrev's comments, saying they still expected Russia to sign.

"I would be tempted to say it was a theatrical performance meant for domestic political consumption," said the U.S. State Department spokesman, Mike McCurry. The government of President Boris N. Yeltsin has been criticized by Russian conservatives for easing closer to the West.

In all, it was an uphill struggle for NATO to exhibit confidence and purpose.

An admission of impotence over Bosnia on Thursday departed sharply from a meeting less than a year ago of NATO leaders, including President Bill Clinton, who decided that NATO warplanes should be used to protect Bosnian Muslim civilians from attacks by rebel Serbs. The Clinton administration regarded the air strikes as a means of pressuring the Serbs to sign a peace agreement.

The threat dribbled away last week as the Serbs assaulted the town of Bihac, controlled by the Muslim-led government of Bosnia. Britain and France rebuffed an American request for air strikes, prompting the Clinton administration to abandon the tactic of linking force to diplomacy. NATO was left trying to shore up its own image.

"The solution for this appalling conflict can not come from this organization alone," said Mr. Claes.

"I have heard no head of state or prime minister ready to take the risks," he said, referring to full-scale intervention.

What was important, Mr. Claes said at a news conference, was NATO "solidarity." He excused NATO's performance by say-

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Berlusconi Strikes a Deal With Unions

By Alan Cowell

New York Times Service

ROME — Prime Minister Silvio Berlusconi on Thursday struck a last-minute compromise with Italy's labor unions over budget cuts, averting a planned eight-hour general strike Friday that would have deepened his government's aura of embattlement.

The breakthrough after 22 hours of negotiations was depicted by the Italian leader as yet more good news after two other developments that eased the crisis over the decision last week by magistrates in Milan to investigate him for corruption.

On Tuesday, in a highly unusual show of common purpose, his three-party coalition offered support for a six-month policy

program, giving the Italian leader breathing space at least until the new year.

And, on the same day, the Court of Cassation, the country's highest court of appeal, ruled that the corruption case in which the Italian leader is purportedly entwined could not be tried in court by the same graft-busting magistrates who are investigating him.

Under the Italian legal system, the magistrates who oversee investigations also appear in court as prosecutors. But the court ruling ordered magistrates in Brescia to take over from the Milan investigators as the case — involving bribes purportedly paid to the tax police by companies including Mr. Berlusconi's Fininvest — approaches trial.

Mr. Berlusconi repeated on Thursday, however, that he would not use the ruling to sidestep interrogation by the Milan magistrates whose inquiries into massive corruption brought down Italy's one-time political elite.

"It will definitely take place at the Milan prosecutor's office and there will definitely be a press conference afterward," said Mr. Berlusconi, who seemed far more relaxed during a press conference Thursday than he did last week as he resisted pressures to resign.

"I'm not resigning," Mr. Berlusconi said Thursday. "Don't even think about it."

"I do not believe there is a court in the world that could condemn me just because

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Apple's Chief Shoots Down Vision Of a Computer Junkie's Paradise

By John Markoff

New York Times Service

NEW YORK — Whoa, there, wide-eyed computer industry executives. Michael H. Spindler, chairman of Apple Computer, has some words of caution: You have too much vision.

It is a remarkable turnaround coming from a company conceived less than 20

years ago and dedicated to the proposition that personal computers would change the world.

But Mr. Spindler, in New York on Wednesday to discuss some technology so pragmatic and fundamental that it almost sounded boring, says he is fed up with the industry's lofty promises.

He is tired of windy talk about omnipotent widgets that will change our lives by scheduling our meetings, answering our phone calls and otherwise organizing us. Flirting with heresy, Mr. Spindler says he sees no need for the so-called information superhighway. And 500 channels? Sixty are plenty.

"This is not going to be an all-electronic world where we all sit on the couch and are force-fed a constant stream of information," he said.

Mr. Spindler, a pragmatic German engi-

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Kiosk

Clinton to Seek Defense Increase

WASHINGTON (Reuters) — President Bill Clinton said Thursday he would ask Congress to increase defense spending by \$25 billion over the next six years to ensure that U.S. military readiness remains at desired peaks.

Book Review

Page 7.

Down Jones	Trib Index
Down 38.36	Down 0.48%
3700.87	111.88
The Dollar	Thurs. close
DM	1.5735
DM	1.5665
Yen	99.345
FF	5.383



WORLD AIDS DAY — Delegates of 42 nations met Thursday in Paris to urge governments to make fighting AIDS a top priority as activists like Wu Chumsheng, left, offered brochures on the disease to passers-by in Beijing. Page 7.

Cracking a Cursed Case of Saudi Jewels

By William Branigan

Washington Post Service

BANGKOK — After nearly five years of frustration, Saudi Arabia's royal family has reason to hope that it may finally get some justice in the case of more than \$20 million worth of stolen jewelry — thanks in part to a pistol-packing diplomat's rather undiplomatic behavior, the power of superstition and what might be called "the curse of the Saudi gems."

By all accounts, the case of the missing jewelry has become Thailand's worst scandal, leaving a trail of dead bodies, ruined careers and expensive ill will between the Saudi and Thai kingdoms. Certainly, superstitious Thais cannot be blamed for

believing rumors, encouraged by the Saudis, that an ancient Bedouin curse hangs over the jewelry.

Pilfered in Saudi Arabia by a Thai servant in 1989, recovered by the Thai police in Bangkok and then stolen again, the treasure includes irreplaceable family heirlooms hundreds of years old.

At least 17 Thai police officers stand implicated in various aspects of the case, and private investigators hired by the Saudis have pointed to even higher-ranking government and other officials. Moreover, Thailand has lost billions of dollars in revenue from a Saudi ban on hiring Thai guest workers and a decline in Saudi tourism here.

Now, says Mohammed Said Khoja, the armed and outspoken chargé d'affaires at the Saudi Arabian Embassy here, there is new hope of resolving the case and recovering some of the missing jewelry. Feeding this hope, he says, are the recent formation of a Thai police investigative team he can trust, a new amnesty program and the power of the "curse."

In recent weeks, more than 100 pieces of the missing jewelry have been turned in anonymously to the police under a co-operations-asked policy. Accompanying some watches was a note saying they had

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Artilles.....11.20 FF	Morocco.....12 Dh
Comoros.....1.40 CFA	Oman.....8.00 Rials
Egypt.....9.00 FF	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....9.00 CFA	Senegal.....9.00 CFA
Greece.....300 Dr.	Spain.....200 PTAS
Italy.....2,600 Lire	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....T.L. 35,000
Jordan.....1 JD	U.A.E.....5.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10

Moscow's Deadline To Republic Passes

Yeltsin Appears to Back Off Threat of Imminent Action

By Fred Hiatt
Washington Post Service

MOSCOW — President Boris N. Yeltsin's 48-hour ultimatum to the breakaway Chechen Republic expired Thursday without attack from the Russian troops massing on the border or without other decisive action.

Mr. Yeltsin threatened Tuesday to use "all forces and resources at the disposal of the state" unless the rebel government in Chechnya disbanded its army and freed its Russian prisoners by Thursday morning. He said he would otherwise impose a state of emergency on the southern Muslim republic, which unilaterally declared its independence from Russia in 1991.

But on Thursday evening, the presidential administration appeared to step back from a potentially violent conflict. The official Itar-Tass press service reported that Mr. Yeltsin would not declare a state of emergency in Chechnya "in the nearest future," although Chechnya had not complied with his demands.

Accusing the media of misinterpreting Mr. Yeltsin's threat, the presidential press service issued the ultimatum, but without the key words, "a state of emergency will be imposed." Also missing in Thursday's version was the contention, contained in the original, that all hope had been exhausted that Chechnya itself could settle its "internal conflict."

In a tense and confused day,

U.S. Would Assist UN Peacekeepers In Bosnia Pullout

Washington Post Service

WASHINGTON — President Bill Clinton has made a "decision in principle" for American ground forces to aid in the withdrawal of UN peacekeepers in Bosnia if the United Nations were to make such a request, officials said.

Pentagon planners have been working on contingency plans for such an operation, including scenarios that could involve "many thousands" of U.S. troops for "months," a senior official said.

A withdrawal of the peacekeepers is not at all imminent, the official said. But the issue has taken on more urgency as a Serbian advance in Bosnia has undermined the effectiveness of the 24,000 UN peacekeepers and triggered new calls for their withdrawal.

A senior U.S. official said that Washington expected that the British and French would resist removing their peacekeepers.

not all signs pointed away from conflict. Two warplanes dropped bombs on the capital, Grozny, killing a woman and badly injuring two children, according to journalists on the scene. Chechnya asserted that the planes belonged to Russia. Russian television also reported that troops and tanks were still moving into position on Chechnya's borders.

Kremlin leaders view Chechnya's claim of independence as a threat to the integrity of Russia and a dangerous example to other restive regions. In addition, law-enforcement officials say the republic, rich in oil and with fewer than a million people, has become a source of lawlessness and arms trafficking.

But many Chechen people, who resisted Russian conquest for decades in the 19th century and suffered heavily under the Soviet regime, believe they have a legitimate right to self-rule. Thousands of Chechen men in tall fur hats gathered Thursday with their rifles in Grozny's central square; some vowed to resist to the death any Russian attack.

Some Russian analysts have predicted that an attempt to break Chechnya's independence by force could set off a long guerrilla war there and provoke terrorist acts elsewhere in Russia. The police in Russia stepped up their guard on Thursday around nuclear power stations, Moscow subway stations and other potentially vulnerable points.

Russia has been arming and financing pro-Russian opposition groups in Chechnya for several months, but they have met with little success. Chechnya's leaders have asserted that Russian troops and planes have taken part in the fighting; Russian officials have denied the accusations.

But the crisis this week was set off by Chechnya's capture of about 70 Russian soldiers, including a number of army officers. The chairman of the Russian Parliament's defense committee flew with other legislators to Grozny for talks on Thursday with Chechen officials on the prisoners.

Thursday morning, shortly after the deadline passed, a spokesman for Mr. Yeltsin announced that "a package of measures is being carried out aimed at decisively improving the situation in the Chechen republic and reinstating constitutional order, law and the defense of human rights." The statement did not specify the measures.

The spokesman also said that Mr. Yeltsin was taking "all necessary measures to save the Russian soldiers" taken prisoner in Chechnya.



Irmgard Möller being greeted by friends Thursday upon her release from prison.

Germany Sets Terrorist Free

Car-Bomber Leaves Prison Unrepentant

By Rick Atkinson
Washington Post Service

BERLIN — Irmgard Möller, an unrepentant leftist terrorist convicted of killing three U.S. soldiers with a car bomb in 1972, walked out of prison on Thursday after her life term was commuted to a suspended sentence.

Miss Möller's release on grounds of poor health came despite protests from family members of her victims and the U.S. State Department, which last month publicly deplored her lack of remorse in 22 years of confinement.

A crowd of 250 supporters, flanked by dozens of reporters and photographers, awaited Miss Möller as she emerged from the gates of the federal prison in Lübeck, near Hamburg. She waved and smiled at the crowd while collecting champagne bottles, Christmas presents and bouquets of roses and gladioli.

"It still feels a bit unreal," said Miss Möller, 47, dressed in a red sweatshirt, leather jacket and jeans. "I would never have gotten out if there hadn't been an international mobilization."

Miss Möller deflected all questions about her plans but indicated that she was not ready to condemn the political ambitions of the notorious Baader-Meinhof gang —

later known as the Red Army Faction — of which she was an early member. "A lot of people are going to ask how I survived all this time," added Miss Möller, who spent part of her imprisonment in solitary confinement. "I kept alive the aims for which I fought and I felt the support of my sympathizers."

Miss Möller drove an explosive-packed car onto the U.S. base in Heidelberg on May 24, 1972, as part of bloody campaign against American "imperialism" and the U.S. military's "genocidal" war in Vietnam. The subsequent explosion killed three U.S. soldiers. Miss Möller was captured six weeks later and had been in prison since. Among those who objected to her release was Sergeant Charles Bonner of the U.S. Air Force, whose father, Captain Clyde R. Bonner, died in the blast.

"I was only 7 when my father was killed," Sergeant Bonner said recently. "Our housing was just across from that parking lot. That's something I'll never forget." He added, "I think releasing her is ridiculous."

Although Miss Möller refused to cooperate with a court-appointed psychologist evaluating her mental stabil-

ity, the Lübeck court concluded this fall that she no longer posed a threat to society and "had changed her attitude toward violence in a positive way."

The Heidelberg state prosecutor declined to appeal the court's decision.

Miss Möller reportedly suffers from skin, eye and other diseases. She appeared drawn and pale Thursday, a graying shadow of the striking 25-year-old terrorist. As the longest-serving female inmate to Germany, Miss Möller had become a martyr of the far left and a cause célèbre for clergy, writers and politicians.

Her notoriety derives in part from being the only survivor of the so-called "death night" in October 1977, when three other top Red Army Faction leaders died in Stuttgart's maximum security Stammheim prison. German authorities and foreign experts determined that the three had committed suicide but Miss Möller, who was discovered with four deep knife wounds in her chest, insisted she was the victim of a government plot.

German legal experts have predicted that Miss Möller's parole will be followed quickly by the release of other Red Army Faction prisoners.

Sinn Fein And British Will Meet Next Week

By John Darnott
New York Times Service

LONDON — The British government and Sinn Fein, the political face of the IRA, will begin negotiations in Belfast on Wednesday, almost one year after Britain and Ireland launched an initiative to try to resolve the conflict in Northern Ireland.

The announcement was not a surprise, but still it set off an exciting ripple that history was in the making. Though British officials have in the past conducted secret talks with Sinn Fein leaders, never before have they sat openly at the same table with people they used to disparage as "terrorists."

In both a letter to the Sinn Fein leader, Gerry Adams, and a three-paragraph statement, Prime Minister John Major's office pointedly referred to the meeting as "exploratory dialogue." This is in keeping with London's position that it is simply joining in "talks about talks," not a full-fledged negotiating session, which must involve all parties to the conflict.

For 25 years now, the Irish Republican Army has been fighting the British Army in the name of the Catholic minority of 650,000. It wants to join Ulster to the Irish Republic to the south, something that is an anathema to the province's 950,000 Protestant majority. They insist upon their right to remain British.

The announcement of talks evoked a familiar pattern of responses across Ulster's varied political spectrum. Mr. Adams, who took a considerable risk in persuading the IRA to go along with a unilateral truce that was declared Sept. 1, welcomed it.

"The opportunity to realize a lasting peace, which will benefit all of the people of Ireland, has never been greater," he said. A clever antagonist, Mr. Adams had lately been making political hay by charging London with foot-dragging on the peace process. Now he said it was time to move on to "the next phase of dialogue: multilateral talks led by both governments."

The Ulster Unionist Party, the mainline Protestant political group, was skeptically accepting. At least the talks would establish one thing, said an Ulster Unionist Party member of Parliament, John Taylor, and that was "if Sinn Fein really is to become a normal political party."

The Reverend Ian Paisley, the preacher and parliamentary member who has turned his Democratic Unionist Party into a rejectionist front, continued a line opposing talks or any other move smacking of compromise. He proclaimed before the House of Commons on Thursday that "a vast majority of people" resented the decision to talk to "the men of blood."

WORLD BRIEFS

West Bank Taxes Pass to Palestinians

RAMALLAH, West Bank (Reuters) — The Palestinian Authority got its biggest lift toward financial independence on Thursday when Israel handed over control of taxes in the West Bank that experts say could earn hundreds of millions of dollars. Brigadier General Gadi Zohar, head of Israel's Civil Administration, and the Palestinian finance chief, Mohammed Zuhdi Nashashibi, signed the transfer agreement at a ceremony here. "Taxes are the bridge-price of independence and the key to democracy and participation," said Atef Adwan, director-general of the Palestinian Finance Ministry. He added: "We must say a word to the taxpayer. The avoidance of taxes under occupation was a national struggle worthy of praise, but now it is 180 degrees different. Now delay in paying means a delay in building the Palestinian state."

2 More Journalists Killed in Algeria

ALGIERS (AP) — Two more journalists have been assassinated in Algeria, security forces said Thursday, bringing the death toll among journalists to about two dozen since they became a target of Islamic militants 18 months ago. The latest victims were Ahmed Issaad, a reporter for state television, and Nassereddine Lekhal, a journalist with the state-run daily Al Massa. They were stabbed to death Wednesday in Boufarik, south of Algiers, security forces said.

UN Report Blames Hutu in Massacres

PARIS (Reuters) — The head of the United Nations commission has concluded that the genocide in Rwanda this year cost 500,000 lives and that hard-line supporters of former President Juvenal Habyarimana and his government were behind it. Atsu-Koffi Amega, whose report was made public Thursday, said his team had been unable to find out whether the Rwanda Patriotic Front, now in power, had also committed atrocities as it fought General Habyarimana's forces. Human-rights groups estimate that hard-liners in the Hutu-led government organized the killing of up to a million people between April, when the president's plane was shot down, killing him, and July.

Millions Attend Rites of Shiite Leader

NICOSIA (Reuters) — Millions of people attended the funeral of Iran's Shiite grand ayatollah in Qom, Iran, Qom on Thursday, amid signs that members of the religious hierarchy were preparing to name the spiritual leader Ali Khamenei as his successor. Grand Ayatollah Mohammad Ali Araki died at the age of 100 Tuesday with no obvious candidate to succeed him. But Iran radio's English-language service referred to Ayatollah Khamenei several times on Thursday as "Grand Ayatollah."

For the Record

Paula Corbin Jones, who has accused President Bill Clinton of sexually harassing her when he was governor of Arkansas, lost a court fight on Thursday when a federal judge ruled that Penthouse magazine can distribute partly nude photographs of her. (Reuters)

TRAVEL UPDATE

Amsterdam Extends Bars' Hours

AMSTERDAM (AP) — Amsterdam will allow its 2,850 bars and cafés to stay open until 4 A.M. on the weekends and 3 A.M. during the week, as of Jan. 1.

"We have to compete with cities like Berlin where cafés can stay open until whenever. They are big competition," Joop Brouwer, of the city's restaurant and café owners' interest group, said Thursday. "We want to have more offerings for our tourists."

Ukraine has officially opened its first modern international airport at Boryspil, near Kiev, after nearly two years of reconstruction. Luggage conveyers, English-language signs and gleaming toilets are features of the new airport. The \$15.1 million project was financed by the European Bank for Reconstruction and Development and two Ukrainian banks. (Reuters)

European Union interior ministers have agreed to allow children not holding EU passports to travel visa-free within the EU if they are part of a school group, Germany's interior minister, Manfred Kanther, announced. (Reuters)

Spanish train engineers have called for a 24-hour strike Friday to back demands for a 20.9 percent pay increase, unions said Thursday. The Transport Ministry said it would ensure a minimum service, which should guarantee that 50 to 70 percent of commuter trains operate at rush hours along with 50 percent of long-distance trains. (AFP)

Germany plans to open two new consulates general in Russia, one in Novosibirsk and another in Saratov on the Volga River, to promote economic and cultural ties and serve German citizens living there. (Reuters)

In Newly Democratic Albania, Voters Rebuff Leader

By Henry Kamm
New York Times Service

TIRANA, Albania — The voters in what was once the most rigidly communist country of Europe have dealt a sharp rebuff to their president, to whom they handed a landslide victory in their first democratic elections in 1992.

As a result, Albanians and foreign diplomats fear that the infant democratic system has lapsed into a deadlock that puts at risk the political and economic gains achieved since Communist power began to crumble in 1991 in Europe's poorest, most underdeveloped and dependent country.

Albania's voters last month

rejected, 54 percent to 42 percent, a draft constitution that President Sali Berisha had placed before the electorate.

Mr. Berisha circumvented the Parliament, where approval by two-thirds would have been required, and chose a referendum in the belief that he was sure to win a majority.

The defeat is seen here as the low point in a steady decline in affection for the once hugely popular leader of the Democratic Party, out for what he has done or not done but for the way in which he does it.

Albania was repressively and reclusively ruled by Enver Hoxha and his chosen successor, Ramiz Alia, from 1944 un-

til the 1992 landslide by the party of Mr. Berisha, a cardiologist.

Mr. Berisha has co-opted too many Albanians an impression of resembling his diatribe predecessors in style, although not in content.

Even leaders of the largest opposition party, the Socialist successors to the Communists, grant that the president has effectively led Albania's transition toward democracy and a market economy.

"The Democratic Party and Berisha have played a positive role after the fall of communism," Luan Hajdaraga, a vice president of the Socialists, said in an interview.

Mr. Hajdaraga and Arta Dabulla, a member of the party presidency, said the referendum result showed that early parliamentary elections were called for to reflect the present mood of the country. Parliament elects the president.

Mr. Berisha's disregard for Parliament, where defections from his own party have deprived him of the two-thirds majority he had obtained in the 1992 elections, and the one-man character of his referendum campaign proved counterproductive.

"Albanians were out against the constitution but against the style of the propaganda," said Ismail Kadare, a writer. "The television propaganda was frenetic. It annoyed everybody and recalled the days of communism."

Opposition politicians criticized the draft as giving too many powers to the president, but even they said the voters had rejected the president's style rather than the charter.

In an interview, Mr. Berisha vigorously rejected all criticism. "If you examine my constitution," he said, "you will find it definitely diminishes and not increases presidential power."

He said there was no question of calling early elections or submitting a new draft to Parliament before submitting it to the electorate. In a round table with party leaders, he proposed that Parliament name a new drafting committee.

"Berisha has a clear desire for a democratic society and a market economy," an ambassador said. "But does he know what these things mean?" He answered his question by recalling that, like all Albanians, the president was a product of a system that denied its people any knowledge or experience of more open societies.

Mr. Kadare said he saw a silver lining in the referendum result. "It showed this people have truly progressed," he said. "Despite the frenetic television propaganda, the people calmly said no."

DEATH NOTICE

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THE AMERICAS / LAST OF THE BOSSES

Gingrich to Benefit As Party Weakens House Panel Leaders

By Guy Gugliotta
Washington Post Service

WASHINGTON — Reformers contemplated by the speaker-to-be, Newt Gingrich, and the incoming Republican leadership will substantially weaken House committees and make it unlikely that the Republicans could create a new generation of "bosses" in the tradition of Democrats such as Dan Rostenkowski of Illinois and John D. Dingell of Michigan.

Instead, almost by default, power will flow back to the speaker's office, where Mr. Gingrich, Republican of Georgia, and his advisers have forged a close working alliance with the young Republican members who have the most to gain in the new regime. Mr. Gingrich has said he hopes to put at least one Republican freshman on every committee.

The Republican team is aiming for a historic makeover in the way the House conducts business and will accomplish it simply by exercising its prerogative as the majority party and changing the rules.

"Things will be substantially, if not radically, different," said Representative Robert S. Walker of Pennsylvania, one of the party's leading theorists. Overall, the party aims to create a leaner, more efficient House that will pass fewer but better bills, he said.

The new rules will eliminate three committees, slash committee staff by one-third, impose term limits on committee and subcommittee chairmen, end proxy voting in committee, rewrite the rules of floor debate and stipulate a three-fifths majority to pass tax increases.

Power, grown diffuse and unwieldy during the Democrats' 40-year domination, will shift away from the committees and toward the speaker's office, where the rules are written. Chairmen will be challenged on the floor, their bills amended and their wishes thwarted.

"I can say this," said the incoming chairman of the Natural Resources Committee, Donald E. Young, Republican of

Alaska, "I believe the House can't run as a total democracy."

But for Mr. Young and other new committee chairmen, many of whom have waited for decades to run the show, the prospect of having their authority diluted by committee term limits, staff reductions and challenges to their jurisdiction may be less than attractive.

The incoming chairman of the Energy and Commerce Committee, Thomas J. Bliley Jr., Republican of Virginia, already has withstood the leadership's efforts to dismember his committee, Republican sources said. But publicly, most, if not all, senior Republican members seem willing, at least for now, to try out the changes.

Henry J. Hyde, Republican of Illinois, who is set to take over the Judiciary Committee, said he had "mixed feelings" about the rules but would "see how it works" with the proviso that the changes could be undone if they proved unsuccessful.



THE BUSHES DIG IN — George Bush, his wife, Barbara, and family at a groundbreaking for the George Bush Presidential Library in College Station, Texas. Gazing at several former members of his cabinet, he deadpanned, "When I look out here at the dedicated leaders from my administration, I see — well, I see half the field for 1996."

Away From Politics

• An international drug money-laundering operation, which prosecutors said used lawyers, rabbis, a diplomat and a New York policeman who reportedly stored close to \$1 million in his precinct locker, was broken up after raids in New York, Florida, Colombia, Europe and Los Angeles.

• Several anonymous phone calls threatening President Bill Clinton led to the arrest of a 15-year-old in Detroit who said he made them from school to relieve his boredom and to impress his friends, the Secret Service said.

• A jury recommended a zookeeper be awarded more than \$3 million for the arm she lost to a polar bear she was feeding at the Cincinnati zoo.

• The former TV evangelist Jim Bakker became a free man Thursday, after four and a half years in prison, a month at a halfway house and four months of house arrest. Mr. Bakker, 54, was convicted in 1989 of defrauding his followers.

• The last of three Marines to be tried in the May 1 stabbing death of a fellow Marine near Hiroshima, Japan, has been sentenced to life in prison, the U.S. military said. Corporal Kenneth E. Ruiz, 23, was convicted of premeditated murder.

• In a ruling that has stirred deep and emotional divisions among Catholics in northern Virginia, Bishop John R. Keating said the Arlington Diocese would not allow girls to serve at the altar in most services. Pope John Paul II has ruled that girls can be altar servers, although he left the decision to each diocese.

LAT, AFP, Reuters, AP, WP

Mexico's New Leader Pledges An Era of 'Fair Treatment'

By Tod Robberson
Washington Post Service

MEXICO CITY — Ernesto Zedillo Ponce de León, a 43-year-old, Yale-educated economist, donned the presidential sash Thursday and delivered a scorching inauguration speech calling for greater attention to the nation's poor and for wholesale reform of Mexico's corruption-tainted judicial system.

With Vice President Al Gore of the United States, Fidel Castro of Cuba and most other Latin American heads of state in attendance at Mexico's Legislative Palace, Mr. Zedillo hugged the outgoing president, Carlos Salinas de Gortari, and praised the advances Mr. Salinas's six-year administration had made in transforming Mexico's economy and implementing the

North American Free Trade Agreement.

Although Mr. Zedillo repeatedly praised Mr. Salinas, the new president heavily criticized the outgoing administration's tolerance of corruption, personal enrichment by public officials, lax law enforcement practices and inattention to the nation's poorest people.

In a clear reference to last month's passage in California of the anti-immigration Proposition 187, Mr. Zedillo frowned as he pledged to be an "active and open nationalist" who would "defend lawfully and decisively the dignity and human rights of those Mexicans living beyond our borders."

Mr. Zedillo urged redoubled efforts to investigate two major political assassinations, peace-

fully negotiate an end to a peasant uprising in southern Mexico, and curtail international drug trafficking and widespread political corruption.

The overriding theme of Mr. Zedillo's speech was that average Mexicans do not feel they are receiving fair treatment under a political and economic system heavily weighted to favor Mexico's business elite.

"Fair treatment means fighting monopolistic practices, abuses and privileges. It means precise, simple regulations to prevent corruption and promote economic activity," Mr. Zedillo said. "Fair treatment means a simple, transparent and equitable tax system, and the capacity to defend oneself against possible abuses on the part of authorities."

★ POLITICAL NOTES ★

Ethics Debate Swirls Around Gingrich

WASHINGTON — The House speaker-to-be, Newt Gingrich, who has built a political reputation as an ethics crusader, now finds himself at the center of a congressional debate over alleged improprieties while also in the powerful position to pick new members of the House ethics committee.

Mr. Gingrich, Republican of Georgia, says he will not recuse himself from making appointments to the 14-member ethics panel despite a complaint lodged with the panel that said he improperly used his political organization to finance a college course he taught. He has dismissed the allegations as nothing but political vindictiveness by a former Democratic representative, Ben Jones, whom he defeated Nov. 8.

Mr. Gingrich has sent a letter to the panel in which he contended that it did not have the authority to investigate the matter because it is a tax issue. The panel put off a decision this week on whether to pursue the allegations, raising the possibility the matter will not be resolved until early next year, when Republicans assume control of Congress.

Mr. Jones asserted that Mr. Gingrich had violated House rules by improperly using GOPAC, a Republican political organization that Mr. Gingrich heads, to develop and raise money for the course he taught last year at Kennesaw State College in Marietta, Georgia. Contributors who funded the course got tax deductions because they sent checks to the college's foundation.

(W/P)

Retiring Leader Gets Part-Time U.S. Post

WASHINGTON — President Bill Clinton will name the retiring Senate Democratic Leader, George J. Mitchell, to be a special adviser for economic initiatives in Ireland, White House officials said Thursday.

The appointment will be part-time, and not tied directly to peace talks between Britain and Ireland, officials said. (AP)

Quayle's Blood Clots Laid to Long Flights

NEW YORK — The blood clots that lodged in former Vice President Dan Quayle's right lung probably resulted from immobility during long airplane flights, his doctors said.

The condition of Mr. Quayle, 47, who is in an intensive care unit in Indiana University Medical Center in Indianapolis, has improved and his vital signs have returned to normal. He will begin on an anti-coagulant drug that he is expected to take for several months after leaving the hospital. (NYT)

Illegal Aliens Cost California \$2.3 Billion

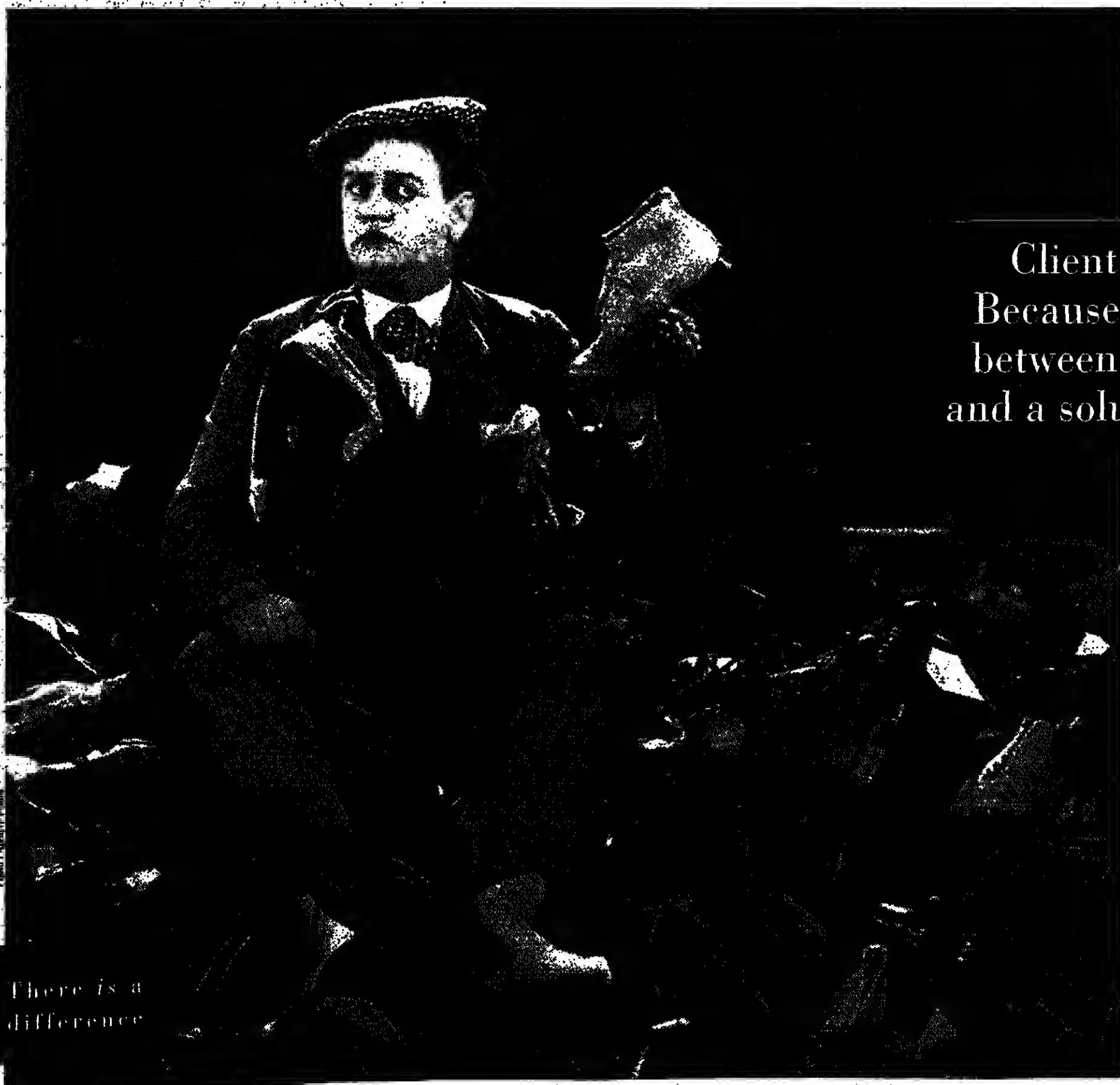
WASHINGTON — The General Accounting Office has released a report estimating that California will shoulder \$2.3 billion in costs during the coming fiscal year to provide education, emergency Medicaid and adult incarceration for its large population of illegal immigrants.

The study, released by Senator Barbara Boxer, Democrat of California, also estimated that the state's undocumented population generates \$1.3 billion in U.S. tax revenues. (LAT)

Quote/Unquote

From a draft of "1945," a forthcoming novel about World War II co-written by Mr. Gingrich: "Suddenly the pouting sex kitten gave way to Diana the Huntress. She rolled onto him and somehow was sitting athwart his chest, her knees pinning his shoulders. 'Tell me or I will make you do terrible things,' she hissed. 'Moments later, the hapless White House chief of staff succumbed to the German spy's spell, telling her: 'We're making this new kind of bomb.'"

(AP)



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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A Moment of Shame

Butros Butros Ghali went to Sarajevo on Wednesday not so much to save what is left of Bosnia as to save what is left of the United Nations, whose mission, reputation, self-respect and forces alike are in peril. He said that if there were not a cease-fire in Bosnia and across Bosnia plus respect for UN peacekeepers, he believed that the UN expedition should end. Both Bosnian Serbs and the Muslim-led Bosnian government disdained a cease-fire, and the Serbs continue harassing UN forces. With Mr. Butros Ghali's reasonable conditions unmet, the United Nations should accept the fact of its disgrace and misfortune and withdraw.

But, you say, what about Bosnia? It is only prudent to expect that removal of the UN peacekeeping cushion, thin and lumpy as it is, will undo the UN arms embargo and precipitate a new round of arming and fighting — and possibly again draw in Croatia. (It will also leave untended the 1.4 million Bosnians whose feeding is in the United Nations' care.) Within Bosnia, the well-armed Serbs start this new phase ahead, but the lightly armed Muslims figure to catch up. The latter's prospects seem dismal to many outsiders, but Muslims are the principal

victims of the war, victims of Serbian aggression and Western abandonment, and they have an undeniable moral claim to choose to fight on.

The United States has its own decisions to take. For NATO reasons, it will want to help in the evacuation of endangered UN forces — with serious bombing if their exit is impeded. But as for joining the Muslims' battle against the Serbs in the air, American interest and opinion still dictate caution. NATO has been hiding behind United Nations neutrality; with the United Nations gone, NATO is unlikely to heal its divisions and commission a big bombing campaign. But the NATO countries and Russia can at least offer their mediating services to the combatants, and they must use their diplomatic reach to try to inhibit the war's spread. To support their policy, the outside countries should be prepared to extend the political and economic isolation of the Bosnian Serbs for a protracted period of time.

This is a moment of breathtaking international shame. On top of tragedy, further tragedy will be piled. But Americans do accept at least a minimal obligation to Bosnia — don't they?

— THE WASHINGTON POST.

Norway Out in the Cold

While most Central and East European countries clamor for the swiftest possible admission to the European Union, Norway has for the second time rejected an invitation to join. This week's referendum was only an advisory vote, but the Storting, which has the official say, will not defy the electorate's advice.

Norway's voters are not crazy. Their country is indeed a special case — already a NATO member, rich, well run and with an economic structure that might have made it a net loser from membership in strictly economic terms. Its main export, oil, does not depend on privileged access to European markets. Its well-managed fisheries will now not have to admit Spanish, Portuguese or other EU trawlers or accept the suspect custodianship of Brussels fishocrats. So long as these resources remain plentiful, going it alone makes some economic sense, especially for the rural people who cast most of the "no" votes. Once those resources start running down, Norway can count on yet another invitation to join.

Moreover, all Norwegians may soon come to regret their country's isolation from European political councils at a time when important new security and financial institutions are being shaped.

The European Union's expansion, meanwhile, goes ahead. Three new members, Austria, Finland and Sweden, join next year. The leaders of the Czech Republic, Hungary, Poland, Slovakia, Bulgaria and Romania have been invited to next week's EU summit meeting in Essen. Some of these countries may be ready for membership by the end of the decade.

The momentum lost in the early 1990s over public unhappiness with the bureaucratic and centralist Maastricht treaty seems to have been regained as Brussels and national leaders grew more responsive to public alienation and scaled down overly ambitious plans. Neither a single currency nor a common foreign and defense policy is likely before the end of this decade, as originally planned. But the European idea is again a positive vision, from the Atlantic to the borders of the former Soviet Union. Norway has chosen for now to stand outside, along with Iceland, Liechtenstein and Switzerland. A decade from now, that may no longer be a tenable choice.

— THE NEW YORK TIMES.

Back Down on the Farm

A major task of the Clinton administration and the Republican Congress next year will be to write a new farm bill. It is a huge undertaking; here will come a five-year bill involving billions of dollars in likely subsidies and other forms of support to an entire sector of the American economy at the start of a new era in world trade. But this time the problem is compounded. The administration has no discernible farm policy, has never developed one and seems most unlikely to do so now, when it has been politically weakened and will shortly lack even an agriculture secretary. The Republicans, perhaps particularly in the House, are likewise untested. It is clear enough that they want to cut federal spending and regulation, but not so clear that they want to cut farm spending and regulation — not the elaborate regulatory structures that prop up prices, at any rate.

The major farm support programs are trade-offs of price and income supports for production restraints. The strongest believers in free markets among the Republicans would do away with them. Some urban Democrats have also tried to kill or cut back some of the lesser programs, although for different reasons. There is likely to be a revival of such talk this time around, particularly if Republicans, who tend to be strong in farm states, also pass a balanced budget amendment and begin to make heavy cuts in other spending. If only for political reasons, members not from farm states will try to force them to cut farm spending, too.

Lesser battles. Dairy price supports have become dysfunctional, what helps one region hurts another. The system has been so patched over the years that the price of milk is now almost entirely a federal artifact. A truly deregulatory Congress would strike the system down. It would do away with such anti-competitive constructs as the sugar program as well, in which import and now even domestic marketing limitations are used to keep U.S. prices artificially high.

The farm bill also presents environmental issues. What happens next to the conservation reserve program, in which farmers are paid to idle supposedly fragile land? To what extent will either the administration or Congress seek to use the farm bill to make pesticide and/or clean water or wetlands policy?

The administration may not propose a bill. Instead it is said to be considering a statement of principles, mostly of the steady-as-you-go variety, the effect of which would be to leave the writing of the bill to Congress, which has the power anyway. That would be a bow to political reality as well as a way of preserving the president's options and avoiding blame, all of which might be shrewd. But it still wouldn't constitute a farm policy.

— THE WASHINGTON POST.

Other Comment

The Multilateral Challenge

The president and his top officials must be prepared to put deeds — and, if need be, military power — behind their words. That could require acting unilaterally when national interests warrant doing so. More often, it will likely mean participating as part of a larger collective effort. "Multilateralism, for good or ill, almost always requires American leadership, has descended on the world," notes Leslie Gelb. The key words in that sentence are American leadership.

— Los Angeles Times.

End the Carnage in Bosnia, Even on Unfair Terms

By George Kenney

STEYNING, England — I never imagined I would find myself defending Serbian conquests. Yet the choices that the United States and NATO have made throughout the Bosnian conflict have been so bad that there are no good choices left. It is better to end the carnage, even on unfair terms, than have it continue for what could be a decade or more.

The Europeans are right. The West should make the Bosnian government settle against its wishes.

After the humiliation surrounding the Muslim defeat in the struggle for Bihać, the United Nations is clearly serious about withdrawing its peacekeeping troops, perhaps even this winter, unless the warring parties agree to a cease-fire across Bosnia and a new round of talks aimed at ending the war.

Muslims, Serbs and Croats anticipate the UN withdrawal and the possibility of capturing equipment left behind.

In the last week, peacekeepers have been de facto hostages of both Muslims and Serbs, while European governments insist that they will pull their troops out of Bosnia if the fighting escalates.

And what happens if the United Nations leaves Bosnia? Humanitarian aid will end. The Serbs will shut down Sarajevo. There will be no passage by road in or out; no electricity, no gas, no water. There will be violent shelling.

The Serbs will no doubt grab all of eastern Bosnia and what is left of the

Uncritical condemnation of the Serbs and uncritical support for the Bosnian Muslims must be re-examined.

Bihać pocket. The Muslims can maintain a stronghold in central Bosnia, but if they ever seriously threaten Serb-held areas, Bosnian Serbs can rely on allies in Serbia and Croatia to back them up.

If the United Nations pulls out, my guess is that the Muslims will surrender within six months, with less land than they have now. Bosnia would disappear, carved up between Serbia and Croatia.

This scenario might improve somewhat if the Muslims got outside help, but the Bosnian Serbs would find benefactors, too. Jingoistic Russian legislators, for example, have said that Russia will arm the Serbs if the arms embargo on Bosnia is lifted. The Muslims, in short, have no winning strategy. Like it or not, they are looking at the war's endgame.

Before the Muslims' recent devastating setbacks, there was reason to believe that the Bosnian Serbs were ready to sign a deal — one quite close to the plan the

five-nation "contact group" proposed this past summer.

Although senior Clinton administration officials dismissed this possibility, conversations I have had in the last two months with diplomats close to the negotiations have convinced me of the Serbs' genuine desire to end the fighting. The Serbs' recent successes have shifted the terms in their favor, but their interests in a settlement remain the same.

They don't want all of Bosnia. They know they couldn't control it. And they want to support the efforts of the Serbian president, Slobodan Milosevic, to get international economic sanctions lifted from Serbia and Montenegro.

The Bosnian Serbs flatly refused the contact group plan for several reasons. They want to keep their northern corridor connecting Serb-held territory in eastern and western Bosnia at its current four-kilometer width, rather than narrow it to 2.4 kilometers as the plan provides.

As a military calculation, that logic is reasonable. They would trade Muslim-held land in eastern Bosnia, which the plan leaves with the Muslims, for Serb-held land around Sarajevo. The exchange carries both advantages and drawbacks for the Muslims, but seems negotiable.

The Serbs want most of the Bihać pocket. Thanks to Sarajevo's intransigence, failed offensive, they are taking it.

Finally, they want the same rights of confederation with Serbia that the Bosnian Muslim-Croat federation enjoys with Croatia, a proposal that now seems to be on the table.

Outsiders should note that the U.S.-brokered constitution of the Muslim-Croat federation gives no explicit rights to Serbs living in federation territory, whereas it does explicitly protect Muslims and Croats. American officials privately admit that the arrangement was too hastily put together, and they are working to fix the problem.

Uncritical condemnation of the Serbs and uncritical support for the Bosnian Muslims must be re-examined. Much has changed in Yugoslavia since July 1991.

What was once a clear-cut war of aggression — some call it genocide — gradually turned into the civil war that many incorrectly thought it always was.

What was once a genuinely multiethnic and legitimately elected Bosnian government turned into a hard-line, anti-democratic Muslim entity.

Now we find ethnic cleansing by Muslims alongside that of the Serbs, and the senseless determination of President Alija Izetbegovic of Bosnia to wage war against his longtime rival, Fikret Abdic, the dissident Muslim leader of northwestern Bosnia, thus shattering the one region spared from earlier fighting.

It is all understandable, but it isn't right. In August 1992, when I resigned from the State Department, I said the West had a brief window of opportunity to intervene. Well, it shut a long time ago.

The clique of nationalist politicians around Mr. Izetbegovic — particularly hard-liners like Ejup Ganic, the vice president — don't want to admit that they will never govern all of the former Bosnia, because doing so raises questions about their legitimacy. Nor can they clearly explain what is to be gained by further fighting. These men — inexperienced, corrupt, unable to fathom international politics — hardly warrant U.S. support in a civil war that would destroy their country in order to save it.

I do not believe that morality has an existential reality independent from the world. Arguing that we must lift the arms embargo so that the Muslims can defend themselves ignores the brutal consequences of arming them.

In Bosnia, we have to recognize that the good is the enemy of the least bad, however tragic that may be. If there is anything to be salvaged from this debacle, Mr. Clinton must work more closely with the Europeans, not against them.

The writer resigned from the State Department in August 1992 in protest against Bush administration policy in the former Yugoslavia. He contributed this comment to The New York Times.

Sobering Up After Casablanca: Work Remains Before the Bonanza

By Paul Chabrier

The writer is director of the Middle Eastern Department at the International Monetary Fund.

WASHINGTON — The recent Middle East/North Africa economic summit in Casablanca was hailed by many as a significant step on the road to a comprehensive, just, durable and prosperous peace. By bringing together in a public forum high-level government and business leaders from most of the countries in the region, it provided a signal — not only to people in the region but also to those outside it — of changing political and economic relations among the region's countries.

In the midst of optimistic statements at the summit, some participants, including the respected director-general of the Arab Fund for Economic and Social Development, Abdulatif al-Hamed, cautioned against unduly high expectations. Their sobering remarks reminded the audience that a favorable political environment is a necessary but not sufficient condition for the region to exploit its considerable economic potential.

This reminder of the challenges ahead is confirmed by the experience of the International Monetary Fund with countries in this region and others that have called on the IMF for macroeconomic policy advice, as well as technical and financial assistance in support of their economic adjustment and reform programs.

Certainly, peace and economic progress are linked: peace improves the prospects for high economic growth and poverty reduction; better economic conditions help to cement the peace process.

Specifically, at the country level in the Middle East, reductions in defense spending would free resources to finance needed investments, especially in social sectors like health and education. Peace would lessen private market perceptions of country risk, thereby boosting the expected return to investment activities, a key to high sustained economic growth.

At the regional level, reduced tensions would open opportunities for welfare-enhancing trade, production and investment.

Tourism, power generation, water and transport could all benefit.

In addition, there is scope for joint production activities, especially in agriculture, agro-industries and manufacturing.

Both the private and the public sectors from several countries in the region put specific projects on the table at Casablanca. In some cases they relied on a strengthened institutional base. Suggestions included: establishing a development bank to facilitate the financing of regional infrastructure projects and to serve as a forum for policy deliberation; creating a tourist board; and setting up a regional chamber of commerce to promote trade between countries and facilitate private sector contacts.

The range of possible benefits of peace lies behind some observers' enthusiastic expectations, including visions of a free trade zone from the Atlantic to

the Gulf. Four cautionary points must be emphasized, however, in evaluating the likelihood that economic benefits will materialize on a significant scale:

• The peace process needs to be broadened further to bring in all relevant parties and address remaining, albeit difficult, issues. This is key to a comprehensive, just and durable peace.

• Timely follow-up is needed to ensure that appropriate proposals aimed at strengthening the region's institutional base are carried out effectively.

• Macroeconomic and structural policies of countries in the region must be strengthened to create a firm enabling environment for private sector growth and investment. The economic peace dividend will not materialize on its own. It needs to be secured through governments' determined implementation of economic adjustment and structural reform policies — policies that restrain inflation, foster growth and spur employment.

The general public in the region needs to be made aware that realization of the economic peace dividend will take time. While financial assistance from industrial countries — especially to the Palestinian authorities — will be essential in the interim period, it cannot substitute for self-generated amelioration in living standards through policies that promote saving, investment and economic efficiency.

Moreover, given the legacy of years of hostility and mistrust, new regional economic and financial linkages are likely to evolve only gradually, taking root and flowering as the people of different countries get to know and trust each other more. This is an essential reason not to allow the momentum created to be lost, but on the contrary to build on it.

The Middle East/North Africa economic summit was a significant event in the economic history of the region. Now the remaining challenges must be addressed, and appropriate policy responses formulated. As it has done or is doing in so many parts of the world, the IMF stands ready to assist countries in the design and implementation of economic policies, and in the provision of technical and financial assistance.

International Herald Tribune.

For Commerce as for Stability, Involve Arab People

By Mohammad Tarbush

GENEVA — The Casablanca conference demonstrated once more King Hassan's ability to get conflicting parties together, and was another example of Morocco's gracious hospitality.

For the organizers it was no mean success to attract more than a thousand leaders and executives from all over the world. These included leading Western and Asian politicians, and seven Israeli cabinet ministers. Some Arab governments, especially those that have peace treaties with Israel, were represented.

But apart from a natural concentration of Moroccan entrepreneurs, the Arab business community was virtually absent.

In a large measure this was due to an old habit of Western and Israeli policy toward the Arab world, namely, reaching out to Arab governments but rarely to Arab people. The Israelis are still far from winning popular acceptance in the region.

Fifteen years of Egyptian-Israeli coexistence has brought a volume of trade of around \$40 million per annum between the 60 million Egyptians and the 5 million Israelis. This represents an annual exchange of goods and services of less than one dollar per person.

The situation can change when Israel and its Western allies extend their official dealings with Arab governments to the Arab people.

The Clinton administration has already begun such contacts with the Palestinian private sector through its Overseas Private Investment Corporation. However, with an annual budget of only \$75 million allocated to projects in the occupied territories, the scope of the corporation's achievements is limited.

Truly democratic institutions in the Western sense are still rare and at best at a formative stage in the Arab world: no effective trade unions or representative national assemblies, widely controlled media, and in most places an omnipresent thought police.

Nevertheless, a widespread and effective souk democracy exists, in which Arab consumers rule supreme and selectivity of purchase is observed. Consumers' will carries more weight in the calculations of Arab entrepreneurs than official policy. This silent constituency will vote "yes" to meaningful economic relations with Israel when Israeli withdrawal from the occupied territories is complete and an equitable settlement is made for the Palestinian refugees of 1948 and 1967.

The learned crowd at Casablanca were naturally aware of the constraints facing foreign investment and mobility of capital within the region. They insisted on the need for appropriate legislation and political stability as prerequisites for economic development and prosperity.

There was talk about a \$10 billion regional development bank and other grandiose projects that would help the Middle East and North Africa leap into a more prosperous future. The bright environment should also draw part of the \$600 billion in Arab funds invested abroad, with all the multiplier effects such a movement of capital would have.

Israeli participants at the conference were looking for outlets for their products and know-how may have been surprised by the sophistication of their counterparts and their ability to tap advanced sources of production and technology worldwide.

No doubt for this reason, but also because, demonstrably, official peace treaties are not sufficient for growth of multinational

trade, no substantial transactions were signed, and Israeli-Arab contacts were often confined to a mere exchange of business cards. (According to Ha'aretz, this led Shimon Peres to comment that Israeli delegates were busy meeting each other.)

Beyond the celebrations and rhetoric, Israelis were reminded that acceptability in the Arab world is to be earned through the occupied territories.

When that happens, a major obstacle to the flow of capital and ideas within this resource-rich region of 300 million inhabitants will be removed. If this is coupled with the spread of legitimate regimes, and a radical correction of unemployment (now affecting mainly the young and reaching as high as 50 percent in some Arab countries), prosperity can finally dawn.

Bear in mind ancient Mesopotamia, which forms a fraction of the total area of the contemporary Middle East and North Africa, once supported a population of 50 million. The potential for a prosperous region is hardly an ivory tower hallucination.

The writer, a Palestinian, is an investment banker and writer on current affairs based in Geneva. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Don't Mention It

LONDON — Any man daring to mention the state of the weather in an after-dinner chat last night would have been summarily ejected from the smoking-room of any club in London. The fog was a kind which could not be cut with the proverbial butter knife, but which would take a keen-edged razor. Every man one met — or collided with — was muffled up to the ears and gasping and coughing like the asthmatic wail of Lewis Carroll's creation.

1919: Herald Reappears

PARIS — Another strike has ended; after the booksellers' employees, the grocery and dry goods store workers and others, the Paris printers have resumed work on the former conditions. The strike having been called off, the Herald, in common with the other Paris

newspapers, reappears to-day [Dec. 2] in its customary form. It is unnecessary to state that we accepted the suspension of publication with extreme reluctance. But we had no acceptable alternative.

1944: Banzai Attacks

GENERAL MACARTHUR'S HEADQUARTERS, Philippines [From our New York edition:] Units of the American 7th division advancing northward toward Ormoc along Leyte's west coast smashed a series of suicidal Japanese banzai attacks on Tuesday [Nov. 28] and Wednesday nights near Palanan, General Douglas MacArthur announced. Brandishing Samurai swords and bayonets, screaming and shouting, and fortified with sake, the enemy charged the 7th's positions in considerable strength. When the foe was within range, our men cut loose and mowed them down.



International Herald Tribune

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صباحنا من الامم

OPINION

The Bear Will Rise Again, So Build the Alliance Now

By William Safire

NEW YORK — The first rule of punditry is to present a clear point of view. My formula: Here's what's wrong; here's who's messing up; here's what we should do. No on-the-other-handwringing. Let others take an attitude; I offer certitude.

That comes naturally because I have worked out a mindset. The fervent furtherance of freedom, international and personal, is its bedrock. That's why I want the United States to be interventionist for human rights abroad and anti-butinsky at home.

But today I have a conflict of mindsets. One says: Within the next decade the Russian bear will become strong and hungry and will growl again, so we must strengthen and extend the Western alliance to avert a test by war.

Deep geothinkers like Henry Kissinger and Zbigniew Brzezinski support this mindset with historical sweeps: Russia is authoritarian at heart and expansionist by habit; with its educated population and vast resources — now unencumbered by Communist baggage — Russia will rise again to superpowerhood, and is manifestly destined to look west and south to fill its irredentist caries.

If that is true — and a lifetime's hawkish instinct says it is — then we Americans should set aside petty irritations with newly complacent allies in Europe.

We should not only maintain our troop strength of 100,000 Americans there, which puts our men and women where our mouth is, but extend membership of the North Atlantic Treaty Organization eastward to countries most likely to be threatened by a revived Moscow.

That means soon taking in Poland, Hungary, the Czech Republic and the Baltic states — the most Westernized nations of Eastern Europe — and ultimately Ukraine as it privatizes. The time to push the protective line eastward is now, while Russia is weak and preoccupied with its own revival, and not later, when such a move would be an insufferable provocation to a superpower.

That inclusion is the direction taken by Clintonites, to the consternation of doves and other isolationists. After flirting for a year with a silly halfway house called a Partnership for Peace to fool or pacify the Russians, Deputy Secretary of State Strobe Talbott is getting serious about making certain

the nations most at risk will be brought into NATO and no longer be up for grabs.

That is why President Bill Clinton is off to Budapest on Sunday on a frenetic five-hour photo opportunity at a gathering of the Conference on Security and Cooperation in Europe, the alliance bigger than NATO but smaller than the United Nations. It is a way of telling the Russians they can belong to a convivial European club too, without letting them into NATO, which would defeat the purpose of the Atlantic alliance.

On the other hand (a phrase I swore never to write), there is this contrary mindset: If allies are not prepared to pull their weight in an alliance, let them go it alone.

Bosnia is to the UN what Ethiopia was to the League of Nations: the moment of truth at which the world body flinched, inviting greater aggression elsewhere later.

The "pro" in "Unprofor" means protection. Some protection. Not that two of the key players in NATO wanted to protect Bosnia from dismemberment. The United States wanted to supply the victims with arms and offer them NATO — mainly U.S. — air support. France and Britain put troops in only to facilitate surrender. But if nobody is willing to supply Sarajevo, who will be willing to die for Danzig?

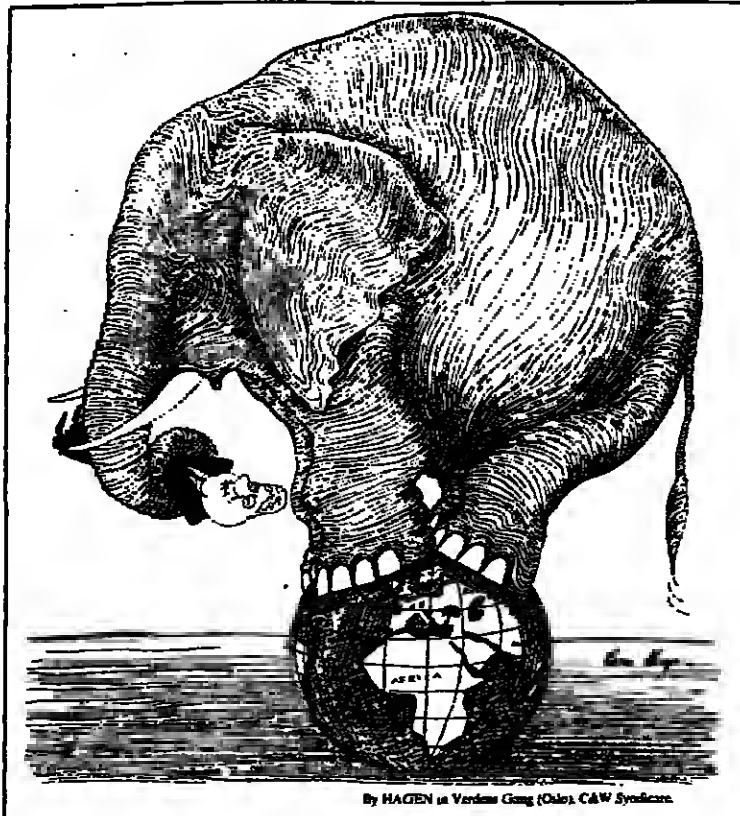
Or Paris, for that matter? France's record includes a preemptive surrender in World War II and a free ride on NATO's back in the Cold War. Britain's reliability has been compromised by a studied spinelessness intended to curry favor with Euro-philosophes. And insular Germany, the real power in Europe, quietly favors helping us defend Germany.

If America's NATO partners laugh at its leadership in the Balkans, why maintain a major force over there at all? Why promise to participate in a European nuclear war? America's front line is no longer Europe; it is the skies over the United States.

To employ a Franklin Roosevelt metaphor, NATO's failure of nerve in Bosnia shows we have bred military-welfare dependents, who — as soon as the Communist disease seems cured — throw their crutches at the doctor.

These conflicting weltanschauungen cannot long co-exist in the same head. Not to worry; I will noodle it out and pass along which mindset won. Watch this space.

The New York Times



By HAGEN in Vietnam (Globe), C&W Syndicate

Over Tokyo the Tail Gun Fell Silent

By Denis Warner

MELBOURNE — Many Japanese believed that they would lose the war after the decisive U.S. naval victory in the battle of Midway Island, in June 1942, ended Japanese expansion into the central Pacific. The capture of Saipan Island by American forces probably sealed the country's fate.

However, when air raid alarms signaled the first U.S. Superfortress

1944 TOKYO 1994

raid on Tokyo, just over 50 years ago, the Japanese were gripped by even deeper despair — of the sort that had overtaken their forebears in the previous century, when an American naval squadron dropped anchor in Tokyo Bay, to mark the start of a painful process of modernization.

On Nov. 24, 1944, 110 B-29 Superfortresses took off from Saipan for a high-level daylight bombing raid on Tokyo's Nakajima aircraft factory. The B-29 was a large and sophisticated plane. It had new fuel injection engines specifically de-

signed to operate at high altitudes and long range. In training, however, the crews had been dogged by engine trouble. Tokyo was more than 1,500 miles (2,400 kilometers) from Saipan. A round trip would take 16 hours.

The island was not an ideal operational base. Only one B-29 could take off or land at a time. Since there would be an interval of one minute between each take off, the bombers could not operate in mass formations as the allies did in Europe. The crews were not to have the comfort of safety in numbers.

The preflight briefing was not for the faint of heart. We were told that for safety's sake, the planes would have to detour around all Japanese-held islands on the way to the homeland. We were warned of the dangers we might encounter over Japan. If the treatment we might expect if we crashed or landed by parachute in Japan, and of the difficulties of making the long return over water if the aircraft was badly damaged. Submarines had been positioned to rescue crews who came down at sea. We were given their locations.

As we approached the target over Tokyo, the first anti-aircraft fire burst well below us. But soon the shells started coming uncomfortably close. Japanese fighters followed. Our tail gunner and a Japanese gun opened fire at the same time. We saw the Japanese plane pull out. But our own gun also stopped suddenly.

Our B-29 dropped its bombs and swung back toward the sea over Tokyo Bay. We could see other Japanese fighters coming up. Fortunately, they were too late. When the captain checked his crew, there was no response from the tail gunner. The co-pilot went back to investigate and found him bleeding badly from a head wound. But in rushing to his aid, the co-pilot had forgotten that we had depressurized. While he was in the tail gunner's bay, his oxygen supply ran out. He ceased to respond over the intercom.

We dropped from 29,000 feet to 12,000 feet, a level at which oxygen would not be needed. A third crew member went back to the tail gunner's compartment and reported that both men were dead or dying. Low on fuel, and having lost valuable gliding altitude that might have helped us in an emergency, we limped back to Saipan. We landed with two dead men and the fuel tanks showing empty.

Of all the B-29s that had taken off from Saipan, only 24 reached Tokyo. Sixty-four turned back. One was destroyed in a Japanese kamikaze attack. One ditched and the crew was picked up by a waiting submarine. I am not even sure that the plane I was in hit the target with its bombs. Torao Saito, a noted Japanese war correspondent, and later a close friend, used to claim that his home, a long way from the Nakajima aircraft factory, had been destroyed and that I was responsible!

Successive high-level American bombing raids over Japan were no more successful. Japanese defenses improved. Soon the U.S. 21st Bomber Command was losing an average of five planes of every hundred that went on a raid. It was decided to change from high-altitude bombing to low-level fire raids by night.

While the high-level attacks had not caused great damage, they had frightened many Japanese. But the moment of real horror for Tokyo came on March 9, 1945.

A gusty wind had been blowing during the day. As darkness fell, it reached almost typhoon force. Behind it came hundreds of B-29s from Saipan, Tinian and Guam. Pathfinder planes marked the target for the main forces, which roared in at low level, dumping tons of incendiaries. It was impossible to fight the fires. They raced through the city, often preceded by fireballs that started new blazes and cut off escape routes for those trying to flee. Bomb shelters became death traps. People living near canals leapt into the filthy water, only to die from smoke inhalation and lack of oxygen. Thousands of others drowned in the Sumida River.

About 100,000 residents and seven square miles of Tokyo were destroyed. But this was just the beginning. From March to mid-April, American fire bombers burned an estimated 770,000 houses and made 3 million people homeless. With Tokyo in ruins, the B-29s struck at other areas, wrecking the industrial heart of Japan.

Could the fire bombs have ended the war? I doubt it. Despite the incendiary horror, preparations continued for suicidal Japanese resistance to the planned American invasion of Kyushu, the homeland island. That resistance campaign would have made the bloody American landings at Saipan, Tarawa, Peleliu and Iwo Jima seem like Sunday-school outings. Only the shock of the U.S. atomic bomb attack on Hiroshima and Nagasaki finally broke Japan's will to fight to the death.

The writer, an Australian war correspondent with U.S. forces in the Pacific, was one of five civilian journalists to fly on the first B-29 raid on Tokyo. He contributed this comment to the International Herald Tribune.

LETTERS TO THE EDITOR

To Understand Bosnia

Regarding comments by William Pfaff, Flora Lewis and Jean Kirkpatrick (Opinion, Nov. 25):

These three articles on the former Yugoslavia were remarkable in several points: All displayed a strong anti-Europeanism, a willful misunderstanding of the European role in ex-Yugoslavia, and a mocking of European concerns.

Don't Americans realize that we Europeans do not want our own Vietnam? Americans should wear their self-righteousness less easily. We Europeans remember that the United States was founded on the "ethnic cleansing" of its previous inhabitants and military land grabs from Mexico.

On this side of the pond we despair when Americans think they know best and try to force their solutions down our throats, insulting us for not taking the medicine. For the sake of trans-Atlantic relations, Americans should try to understand; not mock, threaten and then retreat.

T. G. L. THIRKELL,
London.

With the UN Security Council and NATO being held at gunpoint by the Serbs, like grocery clerks who will soon hand over the cash, I find profoundly disturbing the present European strategy aimed at obtaining any kind of peace in Bosnia. It appears likely that the European

members of the Security Council will close their eyes to anything, if the Serbs make this problem go away. Unfortunately, some questions of basic humanity are about to be brushed under the carpet.

Will the effectiveness of the peacekeeping effort in Bosnia be seriously assessed? How much did it cost? Was it worth it?

Will aggression now be recognized as a legitimate means of obtaining land? What about the Bosnians' right to self-defense, included in the UN Charter? Will future generations of Bosnians accept an unjust peace, or will they choose to fight again in 10 or 15 years?

Can we afford to forget the atrocities, the mass rapes, the systematic destruction of a culture? Didn't the world say "Never again" to atrocities committed in the name of ethnic superiority just 50 years ago? Can we afford a peace at all costs in Bosnia?

P. M. ULRICH,
Strasbourg, France.

In the Yuppies' Shadow

Regarding "Jerry Rubin, Firebrand '60s Radical and Co-Leader of Yuppies, Dies at 56" (Nov. 30):

Your obituary of Jerry Rubin repeats the canard that the Yuppies were "the quintessential 1960s protest group." The Yuppies were the brainchild of a stoned get-together on New Year's Eve, 1967, at which

fewer than a dozen people, including Jerry Rubin, decided to invent something the media would pay attention to, and in the process of paying attention to it, create a self-fulfilling prophecy — which eventually drew demonstrators to Chicago for the Democratic convention the following August.

The media endlessly declared the Yuppies and their stunts "quintessential." In collaboration with reporters who found them endlessly fascinating, the never numerous Yuppies did capture (indeed "inhalated") one of the spirits in the air of those days. But most of that decade's activists belonged to less photogenic civil rights, anti-war, women's and other radical groups.

TODD GITLIN,
Paris.

The writer is author of "The Sixties: Years of Hope, Days of Rage."

Clinton Was the Target

The White House's analysis of the results of the recent congressional elections — that the electorate was fed up with incumbents and not so much with Democrats — is inaccurate. For if it were true, why did not one single Republican incumbent lose? Perhaps the election outcome is more of a referendum on President Bill Clinton than was believed.

FORD ROBERTSON,
Vienna.

Our Newest Chrysler Has A Lot To Live Up To.

How do you build a car that has to live up to some amazing automotive reputations? The best way we know is to borrow a little from each. And that's just what we've done with the new Neon. From Chrysler's Vision we've taken cab-forward design, which gives the car a wide track for precise handling while maximizing interior space. And speaking of space, Neon makes imaginative

of its 16-valve, 132-horsepower (98 kW) engine can't help but remind you of Viper's love of the open road. And there's a spirit of adventure that undoubtedly comes from Jeep, Grand Cherokee. But as much as Chrysler's Neon borrows from its relatives, its personality is all its own — that of a good friend and a great car. Neon may have a lot to live up to, but it's got the competition beat.



Jeep is a registered trademark of Chrysler Corporation.

42 Nations Heed the Call to Make AIDS Fight a Top Priority

By Barry James

International Herald Tribune

PARIS — Acknowledging that AIDS is a full-blown social crisis as well as a medical one, 42 nations heeded a "general call to arms" by the UN secretary-general on Thursday and said they would make fighting the disease a top political priority.

But AIDS activists said the declaration recognizing the disease as "a threat to humanity" fell short on specifics.

The declaration, by which the governments represented promised to fight against the "poverty, stigmatization and discrimination" that often accompany the disease, was the main achievement of a World AIDS Day conference.

Although the French government

and the World Health Organization, the sponsors of the meeting, invited 42 heads of state, none came. Instead, 13 nations sent prime ministers and 23 others sent cabinet members.

WHO estimates that 17 million people in the world are seropositive, meaning they carry the human immunodeficiency virus, or HIV, which causes AIDS.

Half of new infections occur in people under 25, and WHO believes that by the year 2000, 30 million to 40 million will carry the virus. About 4 million people, the UN agency says, suffer from acquired immune-deficiency syndrome, a 60 percent increase in one year.

Butros Butros Ghali, the UN secretary-general, assailed the "serious shortcomings" of the global fight

against AIDS and called for greatly increased coordination on the political level.

"We are not meeting here in Paris simply to issue a further warning, but to declare a planetary emergency," he said.

Scientists said that a vaccine, even one with limited efficacy, is still many years away and that the best that can be hoped for in the near future are improved therapies that may longer delay the onset of AIDS.

The call to political action was designed to galvanize governments into adopting preventive strategies and to avoid discrimination against AIDS sufferers.

"The policies of the last 10 years have driven most people living with HIV and AIDS underground," said a Jamaican woman using the pseud-

onym of Yolanda who was representing a group of AIDS activists. "What are you going to do in reality when the link of your signature under the declaration has dried up?"

The governments said they would foster education about the disease, which is spread primarily by sexual contact, and promote the use of condoms.

They pledged to adopt "specific risk-reduction activities" to prevent AIDS among highly jeopardized groups such as drug users and homosexuals. And they promised to strengthen international cooperation to ensure the safety of blood products, which are an important factor in the spread of the disease in developing countries.

The governments also promised to "ensure equal protection under the

law for persons living with HIV/AIDS with regard to access to health care, employment, education, travel, housing and social welfare." Some of the countries that signed the declaration, including the United States and Japan, restrict the entry of people with AIDS.

Officials said they hoped the Paris conference, and a series of follow-up meetings, would help raise consciousness. This is vital, they said, because many governments had not realized the global pandemic nature of the disease.

In China, for example, according to Agence France-Presse in Beijing, "official hesitation to tackle issues like sex, homosexuality and drugs has left the vast majority of citizens in the dark about the nature of the disease and its transmission."

Clinton Will Bypass Congress on Payout To North Koreans

By R. Jeffrey Smith

Washington Post Service

WASHINGTON — The Clinton administration has decided to finance the initial stage of its nuclear deal with North Korea with about \$5 million in discretionary Defense Department funds already approved by Congress, ducking a possible clash with Republican lawmakers who claim the accord gave too much away.

The strategy effectively gives the administration until next spring to sell skeptical lawmakers on its merits before Congress might be called on to approve further expenditures. Senior Clinton administration officials said their strategy reflects their apprehension about the poor reception the deal is getting from influential Republicans.

Neither administration officials nor Republican lawmakers said they expected a concerted effort to undo the accord on Capitol Hill. As Ambassador-at-Large Robert L. Gallucci, the chief U.S. negotiator, said of the congressional critics: "They may not find it as winning a deal as we do. But they will find it preferable to any alternative."

The administration's plan is aimed partly at keeping some of the most controversial aspects of the nuclear deal off the congressional agenda in coming months, including a promised initial lifting of barriers to

American trade and investment with North Korea. That action will be performed by presidential order, and will not be subject to congressional review, according to U.S. officials, who asked not to be named.

"We will not do anything that requires passage of a statute because we cannot assume passage of a statute," a senior administration official said.

The \$5 million Defense Department expenditure is for the shipment to North Korea of an estimated 50,000 tons of heavy oil, which North Korea had demanded as compensation for keeping a nuclear reactor shut and halting the construction of two new reactors that Washington complained were developed to produce plutonium for nuclear arms.

A separate Department of Energy plan to assist North Korea in improving conditions at a storage pond for the plutonium-laden fuel rods, as the deal requires, will be funded from discretionary Energy Department accounts, and also will not be subject to congressional review, officials said.

Another \$5 million to \$10 million expenditure by the Energy Department for long-term storage of the rods in North Korea will be reprogrammed next year from funds Congress has already approved, officials said. That would make it subject to routine approval by just a few key lawmakers.

Achille Lauro Drifts in Flames as Ships Collect Its Passengers

New York Times Service

ROME — Listing and scorched after a mysterious fire that turned it into a blackened hulk, the Italian cruise liner Achille Lauro drifted in placid seas in the Indian Ocean on Thursday as United States Navy and other vessels rescued almost 1,000 passengers and crew who had first taken refuge on the flat deck of an oil tanker.

But, oratory to the last, the ill-starred vessel that had been reported Wednesday night on the brink of sinking was still afloat Thursday evening, apparently because its internal superstructure had collapsed into the hull, providing a kind of ballast to stabilize its 20-degree list.

Commander T. McCreary, a spokesman for the U.S. Navy, which sent two warships to assist in the rescue operation, said: "The ship is on fire inside. There is smoke from the back end of the ship. It is still well above the water but the superstructure is completely charred."

Under a fierce Indian Ocean sun, 150 miles (250 kilometers) off the coast of Somalia, hundreds of passengers — many in nightgowns or evening dress and some of them weeping — were ferried to safety Thursday from the deck of the oil tanker Hawaiian King to the American and other rescue ships.

They made the brief crossing

in calm waters known for their sharks aboard U.S. Navy rafts and on the same lifeboats that had taken them there from the Achille Lauro early Wednesday.

The ship had been on a cruise from Italy to South Africa, but most of its passengers and crew will now end up on freighters or U.S. warships taking them to dry land in Mombasa, Kenya, Djibouti on the Horn of Africa or the Seychelles Islands to be flown home.

Of the 979 people on board, two — a Briton and a German — died in the disaster.

"The water is calm. It's just the hot sun beating down mercilessly on folks," said Com-

mander McCreary in Dubai as more and more passengers were transferred off the Hawaiian King, where they had spent the night.

At sunset Thursday, the Italian coast guard said most rescue vessels had left the area around the Achille Lauro, leaving the liner still smoldering.

The drama came as an undignified end for the 47-year-old ship, whose fortunes had often drawn the wrong kind of celebrity, particularly in 1985 when Palestinian terrorists hijacked it, shot and killed a 69-year-old Jewish hostage, Leon Klinghoffer of New York, and dumped him over the side.

And, even in its throes on

Thursday, the ship became the object of an equally undignified dispute over salvage rights. Two private salvage tugs were reported heading for the Achille Lauro, and Captain Ferdinando Lolli of the Italian coast guard said they might make a bid for salvage of the 23,479-ton liner.

But the ship's Neapolitan owners, Starlauro, said tugs from their own company were in the area and might salvage the vessel.

The Italian Ministry of Transportation said the vessel was not technically abandoned because its owners had made clear they wanted to rebuild it. United States Navy film

made public on Thursday showed the Achille Lauro belching smoke and flame from its midships to its stern Wednesday, 12 hours after the fire broke out at 1:30 A.M.

Passengers waited on deck for seven hours before abandoning ship. But even then, the worst was not over because their only place of refuge was the Panamanian-registered Hawaiian King with its long, flat deck that offered no protection on Thursday from the sun.

Italy's Transport minister, Publio Fiori, said the fire may have been started by a discarded cigarette, but there has been no formal investigation. —BY ALAN COWELL

GATT: Shift on Trade

Continued from Page 1

GATT, which is based in Geneva, said the U.S. debate was "both necessary and desirable" given the unprecedented scope of the pact.

The agreement will cut tariffs by a more than a third, extend global trade rules to services and such intellectual property as movies and software, and establish a World Trade Organization with power to enforce those rules for the first time. U.S. opposition prevented the establishment of such a powerful trade arbitrator 46 years ago and limited the GATT to a consensual role, whereby every country has a veto.

More importantly, Mr. Sutherland said, 124 countries have now joined GATT, reflecting the new-found popularity of free-market economics in once-closed places like Chile, Mexico and India. Even China and Russia are knocking on GATT's door.

"There has been a sea change in many parts of the developing world in their attitude to free trade," he said.

The triumph of free-market forces has rebounded with a vengeance, however. The free movement of capital and technological progress, allowing business to produce almost anything anywhere, has made free trade seem like a threat to many people in the West.

"Competitive pressures are so great that trade has simply become a focal point for expressing anger about the structural changes" that have forced hundreds of thousands of layoffs at big American companies, said Stuart Eizenstat, the U.S. representative to the European Union and a key figure in the trade negotiations last year.

The new trade skepticism has already led the Clinton administration to effectively shelve talk of expanding the North American Free Trade Area to the entire Western Hemisphere.

The deal Mr. Clinton struck with Mr. Dole for his support of the GATT agreement also poses a threat to the World Trade Organization, said Vincent Cable of the Royal Institute of International Affairs in London. The deal will set up a panel of retired U.S. judges to review World Trade Organization rulings, and will allow Congress to pull out of the organization if the panel finds three rulings in a five-year period to be unfair.



A Bosnian Serb soldier guarding hundreds of troops from the mostly Muslim Bosnian Army captured near Bihac.

BOSNIA: Bihac Crisis Set Off Battle Between Croatia and Its Rebel Serbs

Continued from Page 1

atlas said this week that Zagreb had been ready to go to war against the Krajina Serbs more than a week ago, but had been restrained by heavy U.S. pressure.

[Mr. Susak said again Thursday that if Croatia believed Bihac was about to fall to Serb forces, it would intervene, Reuters reported.]

Certainly, there could scarcely be a better political or military moment than now for the Croats to make a move: The Krajina Serbs are stretched on the Bihac front, and the international community would be hard-pressed to criticize a Zagreb offensive after the Serbs' recent cross-border assault on the western outskirts of Bihac.

A return of the war between Croatia and its rebel Serbs would escalate the current border conflict and shatter already strained attempts to bring peace to the region.

But UN military observers said there had been no particular movement or massing of Croatian troops in the last day and denied rumors that government forces had moved over the confrontation line south of Knin and embarked on an offensive.

Here in Topusko, a few kilo-

meters north of the Bihac pocket and well within the Serb-held area of Croatia, there were no signs of large-scale troop movements or unusual tension.

Yasushi Akashi, the top UN official in the former Yugoslavia, is to visit Sarajevo on Friday in an attempt to revive talks on a Bosnian cease-fire after the fiasco of Secretary-General Butros Butros Ghali's visit Wednesday to the capital. The leader of the Bosnian Serbs, Ra-

dovan Karadzic, refused to meet with Mr. Butros Ghali.

The United Nations is striving to obtain a cease-fire for the Bihac pocket and Bosnia as a whole that would last at least three months. The Serbs want a longer cease-fire that might serve to consolidate their hold on 70 percent of Bosnia; the Muslim-led government forces want a limited cease-fire that would offer them a respite from the blip assault.

In the Bihac pocket, UN officials said the town of Bihac itself was comparatively quiet Thursday, with intermittent small-arms and heavy machine-gun fire.

In Velika Kladusa, in the north of the pocket, there was intense fighting as Croatian Serbs supported by Muslims who oppose the Sarajevo government of President Alija Izetbegovic tightened their noose on the town.

Political Quandary for Kohl: NATO Requests German Pilots

The Associated Press

BONN — NATO asked Germany on Thursday to send fighter planes to patrol the skies over Bosnia in a mission that would place the German military in a combat role for the first time since World War II.

Defense Minister Volker Rühe said Germany must take on the mission, but the foreign minister, Klaus Kinkel, raised doubts about it.

If Chancellor Helmut Kohl decides to accept, it could mean a bruising battle in the new Parliament, where Mr. Kohl holds the narrowest of majorities. The

liberal opposition said it opposed any combat role in the Balkans.

Germany has shied from direct involvement in Bosnia-Herzegovina because of the history of Nazi atrocities in the former Yugoslavia and anti-German sentiment among many Serbs.

But Germany's credibility in the North Atlantic Treaty Organization could be threatened if it refuses the mission, given Mr. Kohl's repeated assertions that his nation must bear its share of peacekeeping responsibilities.

THE GOOD SHIP VENUS: The Erotic Voyage of the Olympia Press

By John de St. Jorre. 332 pages. £20. Hutchinson.

PARIS INTERZONE: Richard Wright, Lolita, Boris Vian and Others on the Left Bank 1946-1960

By James Campbell. 305 pages. £20. Secker & Warburg.

Reviewed by Katherine Knorr

THERE seems to be an unquenchable thirst in the publishing world for stories about Paris when it was cheap and literary expatriates could spend all day writing in cafés.

John de St. Jorre's history of the Olympia Press and its legendary founder, Maurice Girodias, is less romantic than many of these books, though it serves up its share of nostalgia for cold garrets and smelly staircases. He concentrates, interestingly, on the good books that Girodias published, and on how sorry most of the authors were they had ever heard of him.

James Campbell's look at Paris in the 1950s focuses partly on black American exiles and bow they connected with the French, notably Boris Vian and Jean-Paul Sartre. The two books intersect on the history of the Olympia Press, on the writers loosely known as the Merin

group, named after the review edited by the Scot Alexander Trocchi, and on the better-known Paris Review crowd.

John de St. Jorre's is the better book, more thoroughly researched and more focused. Campbell's approach at times seems scatter-shot and clichéd, but he offers interesting insights into the experience of black Americans, who came to Paris for vastly different reasons than white writers, and were received differently — not only Wright but also Chester Himes and James Baldwin. These are two books by Britons that rely heavily on the testimony of American writers and their friends, and now and then something seems lost in translation.

Maurice Girodias was the son of Jack Kahane, the Paris-based English publisher whose Obelisk Press published Henry Miller, Anaïs Nin and Lawrence Sanders. Girodias launched Les Editions du Chêne and then the Olympia Press just before the war. According to de St. Jorre, he published some Pétainist pamphlets and seems to have found a modus vivendi with the Germans despite the fact that his father was Jewish (Girodias took his mother's name).

He went on to publish what he famously called DBs, for dirty books, quirkily written mostly by various expats. One of those DBs, "Candy," by Terry Southern and Mason Hoffenberg, became a big success, and the subject of one of Girodias's many long legal battles.

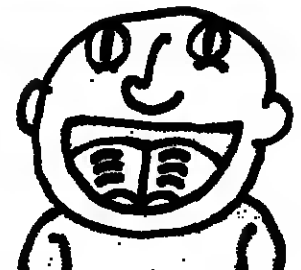
BOOKS

WHAT THEY'RE READING

• Frank Wöessner, a member of the board of directors of Bertelsmann AG, is reading John Grisham's "The Chamber."

"The story is interesting and I want to improve my English. Grisham is thrilling without necessarily being easy reading."

(Brandon Mitcheimer, 11T)



Because Girodias took on censorship laws and had a vague reputation as an avant-gardist, he also found himself on the receiving end of a few good books that couldn't find publishers, notably J.P. Donleavy's "The Ginger Man" and Vladimir Nabokov's "Invitation to a Beheading."

He was often in trouble with the Paris vice squad, and amusingly fearless about fighting back. His fortunes went up and down. After making a considerable amount of money from "Lolita," he opened night spots in Paris where he held court until, predictably, he went bankrupt.

Later, he moved to the United States, where he kept in touch with the outrageous by publishing Valerie Solanas, who would get her 15 minutes by shooting Andy Warhol. But Girodias's time had passed with censorship. He died in 1990, at the age of 71.

Girodias, like a lot of publishers, tended to see words as cheap and authors as nuisances, until

the words gained some independent success. Both the Donleavy and the Nabokov cases were classic Girodias legal tangles, which de St. Jorre retells extensively — sometimes too extensively — and Campbell more quickly.

De St. Jorre's book received advance publicity after The New Yorker published the chapter dealing with "Story of O," the sadomasochism "classic" pseudonymously printed by the French publisher Jean-Jacques Pauvert and subsequently, in a bad English translation, by Girodias.

The New Yorker played up the "unmasking" of Dominique Aury, the French journalist who wrote "Story of O," even though de St. Jorre himself admits in the book that her authorship was an open secret in French publishing circles. John de St. Jorre's coup is to have interviewed her, and told the story so well.

International Herald Tribune

NATO: Russia Refuses to Approve Special Ties but U.S. Plays Down Move

Continued from Page 1

ing it was limited by United Nations dictates.

Secretary of State Warren M. Christopher, at a separate news conference later, suggested that future security arrangements would better handle conflicts like the one in Bosnia.

"Bosnia was certainly on our minds today, but we really addressed the future of NATO," he said.

Bosnia, where troops from NATO members Britain, France, Spain and Canada serve as UN peacekeepers, was only a subject of a luncheon discussion, and barely raised during the formal morning and afternoon meetings.

Out of 20 items on a final communiqué, Bosnia was No. 18, just ahead of attaching importance to developments around the Mediterranean. NATO called for a cease-fire, supported diplomacy and warned the

Serbs to release UN personnel they are holding as virtual hostages.

Unwillingness to put NATO's full force into Bosnia is not new, but the eagerness to put the issue aside undercut the day's official message that even after the Cold War, NATO is still important, and the key to European security.

The main business of the day, NATO and U.S. officials said, was an agreement on steps toward NATO expansion. The group said it would define the minimum membership requirements for countries in Eastern Europe who want to be covered by the alliance's security blanket.

The decision was heavily weighted with caution. It stopped short of guaranteeing membership once the conditions were fulfilled and effectively delays for at least a year and probably much the controversial decision of just who will get in and when. During the next three or four months,

NATO will study the costs and obligations for membership and present them to prospective members, notably Poland, Hungary and the Czech Republic.

The alliance appeared to be wary of offending Russia, which opposes inclusion of any former Soviet satellite. Mr. Kozirev was unimpressed. Arriving after the NATO meeting, he expressed surprise at the decision to study expansion.

Mr. Christopher and other NATO ministers assured Mr. Kozirev that no recruitment of new members would take place in 1995 and that even afterward, movement to expansion would take time.

Mr. Kozirev was supposed to formally enter Moscow in activities of the Partnership for Peace, a program designed to prepare potential members of NATO and to stay in contact with other countries, which like Russia, will probably never be invited to join.

THE ARTS GUIDE

AUSTRIA

Vienna
Palais Liechtenstein, tel: (1) 317-5900, closed Mondays. To Jan. 8: "Hubert Schmalz." The Austrian artist is a representative of the New Painting of the late 1970s and '80s. His subjects include nudes, houses and figures of Christ.

BELGIUM

Antwerp
Musée Plantin-Moretus, tel: (33) 02-94, open daily. Continuing/To Dec. 31: "Anvers: Centre Typographique." Documents the role of Antwerp printers in the 16th-century English religious warfare between Protestants and Catholics.

Brussels
La Monnaie, tel: (2) 218-12-11. "Cost Fan Tuttle," directed by Luc Bondy, conducted by Paul Daniel, with Joan Rodgers, Solange Krings, born and Monica Bacelli/Deborah Beronesi. Dec. 13, 14, 16, 17, 18 and 20.

Musée d'Art Ancien, tel: (2) 508-31-11, closed Mondays. To Feb. 12: "De Voet a David." 17th- and 18th-century French paintings, usually kept in the reserves of the museum. Includes paintings by Simon Vouet, Philippe de Champaigne, Greuze and David, among others.

BRITAIN

London
British Museum, tel: (71) 323-8525, open daily. Continuing/To Jan. 8: "Fra-Raphaelite Drawings." 120 drawings by Dante Gabriel Rossetti, John Millais and William Holman Hunt, among others.
Hayward Gallery, tel: (71) 928-3144, open daily. Continuing/To Jan. 8: "The Romantic Spirit in German Art 1790-1990."

CANADA

Montreal
Musée des Beaux-Arts, tel: (514) 285-1600, closed Mondays. To Jan. 15: "Alex Colville: Peintures, Estampes et Processus Créatifs, 1983-1994." More than 20 paintings, 10 engravings and 340 drawings.

Quebec
Musée du Québec, tel: (418) 643-2150, closed Mondays. To Jan. 8: "Alexander Calder: L'Imaginaire et l'Équilibre." 55 works by Alexander Calder from the Whitney Museum of American Art in New York.

Toronto
Art Gallery of Ontario, tel: (416) 977-0414, closed Tuesdays. Continuing/To Dec. 31: "From Cézanne to Matisse: Great French Paintings from the Barnes Foundation."

CZECH REPUBLIC

Praha
Convent of St. Agnes of Bohemia, tel: (2) 24-81-0628, closed Mondays. To Jan. 29: "Felicjan Rops." A collection of 80 works by the 19th-century Belgian artist, who settled in Paris in the mid-1870s and maintained close contacts with the French Symbolists and Decadents.

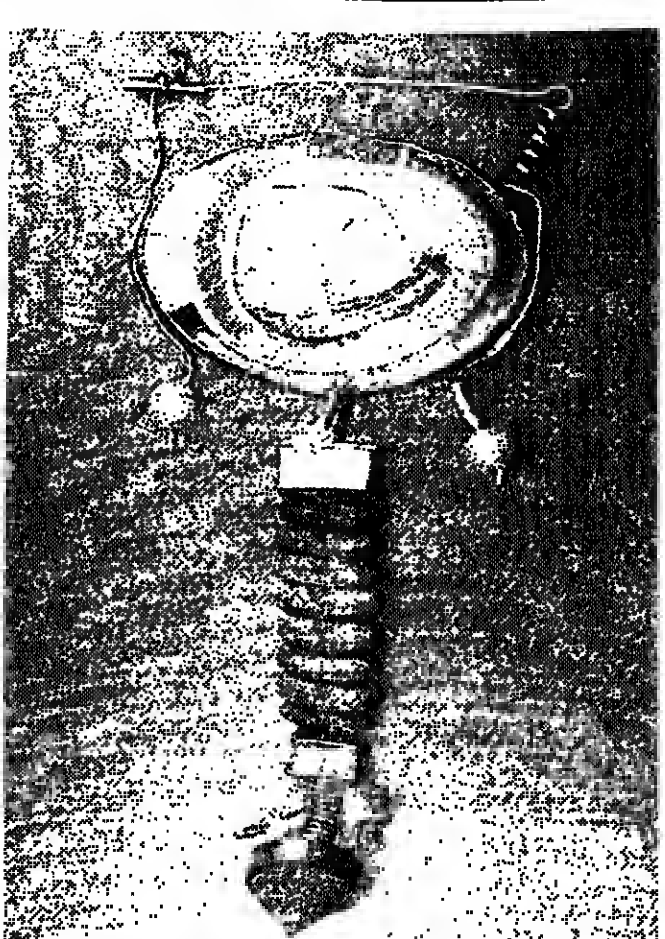
DENMARK

Humblyburg
Louisiana Museum for Modern Art, tel: 42-19-07-19, open daily. Continuing/To Feb. 5: "Toulouse-Lautrec and Paris." Approximately 70 paintings, 30 drawings and 100 graphic works from the time the artist spent in Paris from 1890 until his death in 1901.

FRANCE

Lyon
Musée des Beaux-Arts, tel: 78-28-07-66, closed Mondays and Tuesdays. Continuing/To Dec. 18: "Maurice Denis, 1870-1943."

Paris
Centre Georges Pompidou, tel: (1) 44-78-40-88, closed Tuesdays. To Feb. 1995: "Kurt Schwitters." 300 paintings, collages, sculptures, typographical works and poems created between 1910 and 1947 by the German artist (1897-1948). Born in Hannover, exiled to Great Britain, Schwitters' work reflects the various avant-garde movements until the late 1940s.
Grand Palais, tel: (1) 44-13-17-17,



A brooch designed by William Harper in 1977, in a shadow at the Stedelijk Museum in Amsterdam.

THE NETHERLANDS

Amsterdam
Stedelijk Museum, tel: (20) 5732-911, open daily. To Jan. 8: "Jewelry, 1964-1984: A Selection from the Collection of Helen Drutt." Modern jewelry dating from the 1960s when artists departed from the traditional materials and designs.
Rijksmuseum, tel: (20) 6-79-81-46, closed Mondays. To Feb. 26: "The Art of Devotion, 1300-1500." Features 50 medieval objects of private devotion, such as paintings, miniatures, prints, wood carvings. Among the artists represented, are Mantegna and Memling.

SPAIN

Barcelona
Fundació La Caixa, tel: (3) 404-8073, closed Mondays. To Jan. 22: "Kandinsky/Mondrian: Dos caminos hacia la Abstracción." Documents the parallels and differences between the two painters in their early phases. Both started as figurative painters although Kandinsky later developed an abstract style while Mondrian adopted a geometric idiom.

Fundació Antoni Tàpies, tel: (3) 487-0315. To Jan. 29: "In the Spirit of Fluxus." An overview of the 1962 movement that united avant-garde artists, writers, composers and filmmakers in Europe and later in the United States. Documents the development of Performance art, minimalism and Conceptual art.

Madrid
Museo Thyssen-Bornemisza, tel: (91) 369-0151, closed Mondays. To Feb. 12: "El Siglo de Oro del Paisaje Holandés." More than 70 Dutch paintings from the 16th and 17th centuries, including works by Rembrandt, Ruysdael, Meindert Hobbema and Jan van Goyen.

SWEDEN

Gothenburg
Eriksbergshallen, tel: (31) 779-11-11, open daily. To Feb. 19: "Leonardo da Vinci: Universal Genius." Drawings, manuscripts and paintings document the life and work of Leonardo da Vinci, including models of a bridge, a parachute, a tank and a stamping machine made exactly to the specifications of the Renaissance man.

SWITZERLAND

Lugano
Museo Cantonale d'Arte, tel: (91) 22-93-56, closed Mondays. To Feb. 28: "Domenico Trezzini and the Building of St. Petersburg." More than 200 paintings, drawings, models, and art objects document the work of the Italian architect who laid plans for Peter the Great's city early in the 18th century.

UNITED STATES

Chicago
Art Institute, tel: (312) 443-3600, open daily. To Jan. 15: "Glad Tidings of Great Joy." 15 medieval, Renaissance, and Baroque works of art from the Institute's permanent collection to tell the Christmas story.

Houston
The Menil Collection, tel: (713) 525-9400, closed Mondays and Tuesdays. Continuing/To Jan. 9: "Colonial Masterpieces from Bolivia."

Los Angeles
County Museum of Art, tel: (213) 857-6322, closed Mondays and Tuesdays. To Jan. 22: "The Peaceful Liberator: Jain Art from India." 150 sculptures, textiles, monumental paintings on cloth, illuminated manuscripts and other objects document the relationship between Jainism and the Hindu and Buddhist traditions.

New York
Cooper-Hewitt Museum, tel: (212) 692-6322, closed Mondays and Tuesdays. "Good Offices and Beyond: The Evolution of the Workplace." Explores the major themes in the office environment — the management of time, numbers, paper and information.

Tokyo
Bunkamura Museum, tel: (3) 3477-9262, open daily. To Dec. 25: "European Modern Paintings." 80 works by European painters.
Ueno Royal Museum, tel: (3) 3833-4191. To Dec. 24: "The Unknown Modigliani." Drawings by Italian artist Amedeo Modigliani from 1908 to 1924, until now the most obscure period in his life.

Dining Out (at Home) in Elegance

By Patricia Wells
International Herald Tribune

PARIS — It's a Parisian fashion that has grown slowly but surely over the past few years and a trend that will certainly mark the 1990s: Casual restaurants designed and decorated to make you feel as though you're enjoying the meal in your own dining room.

Gone are the nostalgic red-and-white checkered tablecloths, heavy carafes of wine, thick institutional china. Instead, we see crisp and seamless white linen, sparkling silver plate and thick carpets on the floor. Inevitably, the room has a distinct "designer" look, but one in which we might easily see ourselves lounging.

The latest in the crop of "restaurants at home" is the newly redecorated Les Allobroges, a truly charming, elegantly comfortable spot in Paris's 20th arrondissement, not far from Nation. Here, 38-year-old chef Olivier Pateyron and his wife, Annette, entertain a mixed group of Parisian diners, offering a homey, straightforward, satisfying sort of bistro cuisine. Chef Pateyron is a talent, and though elements of his cooking are still rough around the edges, I think it's safe to say that this is a name that will be heard quietly around Paris for years to come.

The Pateyrons seem to have done their homework, giving the dining public what

they seem to want today: a luxury look at casual dining prices. So rather than going for a faux-bistro look, they opted for a modern, pastel-toned ambience, with tweedy green carpets, lovely milky-white light fixtures that shed a soft and flattering glow, nicely framed prints of fish, vegetables and fruit on the walls. The two small dining rooms hold just 30 diners.

The honorable menu offers veritable bargains, with an 81-franc (\$15) menu that includes a salt-cod *brandade*, *tête de veau*, or beef with carrots.

I'm a pushover for an immense mixed salad, perfectly dressed, and Pateyron won my heart with his gigantic tumble of greens that included radicchio, lamb's lettuce, curly endive, chervil, tarragon and dill all masterfully tossed with a Banvuls vinegar dressing.

It's been years since I've seen a menu offering *soufflé d'agneau*, that tiny, meaty muscle attached to the tip of the bone of the leg of lamb. Pateyron has made it his specialty, and well he should. He braises the dense, chewy meat for four hours, until it's pleasantly tender and the thin layer of fat surrounding the muscle turns a deep, rich mahogany. (I only wish he would be less timid with his seasoning: a dusting of sea salt, a turn of the pepper mill just before serving would elevate the dish to even greater heights.) The lamb is well accompanied by a mound of sweet, soft cloves of garlic roasted in their skin.

Equally good — and equally under-seasoned — is exemplary roast Bresse chicken, which arrives steaming, golden and moist, accompanied by a good potato gratin.

Less appealing was his first course offering of rataouille and langoustines cooked and served in their shells, a combination that's neither obvious nor worth repeating. The two have nothing in common gustatorially or historically, and I have a hard time imagining that the chef ever ate this dish himself with satisfaction. The langoustines — neither best quality nor at the peak of freshness — were simply plopped atop a bed of rataouille, making for an obviously awkward eating experience. His desserts also underwhelmed: an overly sweet pineapple gratin and a banal, unmemorable rendition of the ubiquitous nougat glacé.

One could make a meal of the extraordinarily crisp and chewy rolls, and while the wine list is tiny, it includes some well-priced selections, including a vigorous 1988 Saint Joseph full of flavor and character, from the vineyards of Pascal Perrier.

The Pateyrons seem to have a real talent for caring about what they do. They make an effort, it shows, and they're sure to be rewarded for that.

Les Allobroges, 71 Rue des Grands-Champs, Paris 20; tel: 43.73.40.00. Closed Sunday and Monday. Credit card: Visa. Menus at 81 and 150 francs; à la carte, 200 francs, including service but not wine.

It's That Time: The Gift of Music

By Mike Zwerin
International Herald Tribune

TIME again to spend lots of money to prove how much you love your friends and family. Ho-ho-ho.

• **BOOTS COLLINS**, "Back in the Day . . . Best Of" (Warner Archives): Groove is bassist William (Bootsy) Collins' specialty. He played key roles in the building of funky foundations for the bands of James Brown (the JB's) and George Clinton (P-Funk). Here he stretches out with his own, Bootsy's Rubber Band.

• **JOHN HIATT**, "Comes Alive at Budokan" (Polydor): From these Japanese concert performances of his finest songs we are reminded of how much Hiatt had to do with the blurring of the line between rock and country. Duke Ellington said there are only two kinds of music, good and bad. It bears repetition.

• **GINGER BAKER**, "Going Back Home" (Atlantic): The ex-Cream drummer pays homage to Baby Dodds, Big Sid Catlett, Art Blakey and other of his early jazz heroes. Harmony, melody and rhythm are equal partners in this trio's delicate dance, this is not exactly a "drummer's record" (Bill Frisell, guitar, Charlie Haden, bass).

• **PRINCE**, "The Black Album" (WB): The Prince album for people who suspect that there is something wrong with them because they don't like Prince. This is what it should be all the time. You hear the Prince Miles Davis liked. Called too dark and complex to be commercial, the project was shelved by the Purple One in 1987 after a "dark night of the soul," including intimations of his own mortality. Pirated right and left since, it's never before been legally released. A sticker proclaims "legendary" and a "limited edition."

• **HELEN MERRILL**, "Brownie" (Giantes Jazz): A jazz singer with a great track record and a good shot at winning today's race too salutes trumpeter Clifford Brown, who became a legend when he died in a car crash at the age of 26. Superior performances of classics ("I Remember Clifford") by Merrill's bevy of



Cannonball Adderley (left), Ginger Baker (top right) and Bootsy Collins.

Brown disciples — Roy Hargrove, Wallace Roney, Lew Soloff and a cut above them all, Tom Harrell ("Joy Spring").

• **STING**, "Fields of Gold . . . The Best Of" (A&M): You often hear good old-days pop crooners bewail the lack of quality contemporary songwriters. Steer them to Sting, "Fragile" and "Moon Over Bourbon Street" are standards by any standard.

• **CANNONBALL ADDERLEY**, "Jazzmasters 31" (Verve): Altman Adderley has been called "a happy man in an angry time." Hats off to Joe Goldberg, whose cultured selection and sequencing of a variety of 1950s takes adds up to illustrate what Nat Adderley meant when he said that his brother was "the epitome of what could have been."

• **CHET BAKER**, "Jazzmasters 32" (Verve): Singing and playing with all-stars and unknowns in ensembles small and large spanning three decades, the master of understatement never raises his voice.

Met Sets Up Shop in Louvre

International Herald Tribune

PARIS — We all know that museums are really only there to provide another opportunity to shop. The world of artistic trinket buying has become a little more international with the opening in the Louvre's Carrousel shopping area of a Metropolitan Museum of Art shop.

Copies of art and objects from museums around the world include ancient Chinese and pre-Columbian statues as well as the Diego Rivera cup (180 francs), Egyptian 12th-dynasty earrings in onyx and silverplate (330 francs) and the inevitable Matisse silk scarf for 720 francs. Closed this Friday, and every Tuesday.

BRIDGE

By Alan Truscott

THE diagrammed deal occurred in the Regional Swiss Teams. North and South were Abe Pineles, and Alexander Allen, who previously won their District North American Pairs title.

After North's two no-trump rebid, three diamonds was an artificial check-back, asking for three-card heart support. When that was forthcoming, South showed his singleton spade with a splinter jump to four spades. That was music to North's ears, and he charged on with Roman Key-Card Blackwood, locating, with the five-spade response, the ace of diamonds and the king-queen of hearts in his partner's hand.

Five no-trump was a grand slam suggestion, and South showed his club king. He was raised to seven clubs, and the perfect contract was reached. After a spade lead he took the ace, ruffed a spade and drew trumps. Then the even heart split gave him 13 tricks, and he had the diamond guess in reserve, if necessary.

This was a superb bidding achievement. It is always difficult to escape from an agreed

suit into another. Seven clubs was virtually a laydown if the trumps were no worse than 4-2, for if the hearts had broken badly, South would have had a good clue to the winning play in diamonds. Another time, perhaps, South's distribution will be 1-5-2-2, and the right contract will still be seven clubs, even though the fit is only 4-2, although the percentages are now close.

NORTH (D)
♠ A 6
♥ A 10 4
♦ K J 8 6
♣ A Q J 5

WEST
♠ K 10 5 4 3 2
♥ 7 5 2
♦ 5 3
♣ 4 2

EAST
♠ Q J 9 7
♥ Q J 9
♦ Q 9 4
♣ 10 9 7 3

SOUTH
♠ 8
♥ K Q 8 6 3
♦ A 10 7 2
♣ K 8 6

Neither side was vulnerable. The bidding:
North: Pass 1 ♠ Pass 2 ♠ Pass 3 ♠ Pass 4 ♠ Pass 5 ♠ Pass 6 ♠ Pass 7 ♠ Pass 8 ♠ Pass 9 ♠ Pass 10 ♠ Pass 11 ♠ Pass 12 ♠ Pass 13 ♠ Pass 14 ♠ Pass 15 ♠ Pass 16 ♠ Pass 17 ♠ Pass 18 ♠ Pass 19 ♠ Pass 20 ♠ Pass 21 ♠ Pass 22 ♠ Pass 23 ♠ Pass 24 ♠ Pass 25 ♠ Pass 26 ♠ Pass 27 ♠ Pass 28 ♠ Pass 29 ♠ Pass 30 ♠ Pass 31 ♠ Pass 32 ♠ Pass 33 ♠ Pass 34 ♠ Pass 35 ♠ Pass 36 ♠ Pass 37 ♠ Pass 38 ♠ Pass 39 ♠ Pass 40 ♠ Pass 41 ♠ Pass 42 ♠ Pass 43 ♠ Pass 44 ♠ Pass 45 ♠ Pass 46 ♠ Pass 47 ♠ Pass 48 ♠ Pass 49 ♠ Pass 50 ♠ Pass 51 ♠ Pass 52 ♠ Pass 53 ♠ Pass 54 ♠ Pass 55 ♠ Pass 56 ♠ Pass 57 ♠ Pass 58 ♠ Pass 59 ♠ Pass 60 ♠ Pass 61 ♠ Pass 62 ♠ Pass 63 ♠ Pass 64 ♠ Pass 65 ♠ Pass 66 ♠ Pass 67 ♠ Pass 68 ♠ Pass 69 ♠ Pass 70 ♠ Pass 71 ♠ Pass 72 ♠ Pass 73 ♠ Pass 74 ♠ Pass 75 ♠ Pass 76 ♠ Pass 77 ♠ Pass 78 ♠ Pass 79 ♠ Pass 80 ♠ Pass 81 ♠ Pass 82 ♠ Pass 83 ♠ Pass 84 ♠ Pass 85 ♠ Pass 86 ♠ Pass 87 ♠ Pass 88 ♠ Pass 89 ♠ Pass 90 ♠ Pass 91 ♠ Pass 92 ♠ Pass 93 ♠ Pass 94 ♠ Pass 95 ♠ Pass 96 ♠ Pass 97 ♠ Pass 98 ♠ Pass 99 ♠ Pass 100 ♠ 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SPONSORED SECTION

SPONSORED SECTION

Analysts predict that Russia's gross domestic product will continue to rise, now that inflation is being brought under control and private enterprise is stimulating the economy — and purchasing power.

Russia

A TURNING POINT FOR THE ECONOMY

Industrial output is up again, as is the GDP.

Russia's battered economy is at a turning point. After hitting economic rock bottom earlier this year, the country is set to embark on a tough economic program for 1995 that the government hopes will create a springboard for a period of sustained economic growth.

Even though it is presiding over a shrinking economy, Prime Minister Viktor Chernomyrdin's cabinet has managed to turn most businesses over to private ownership, creating a burgeoning securities market in the process. It has also chalked up a number of successes in controlling the budget deficit, inflation and the exchange rate of the ruble.

"Russia has reached the end of a long fall in production," says Richard Layard, who heads a Moscow-based research group under the London School of Economics. "It is now ready to begin a long period of growth."

Political progress

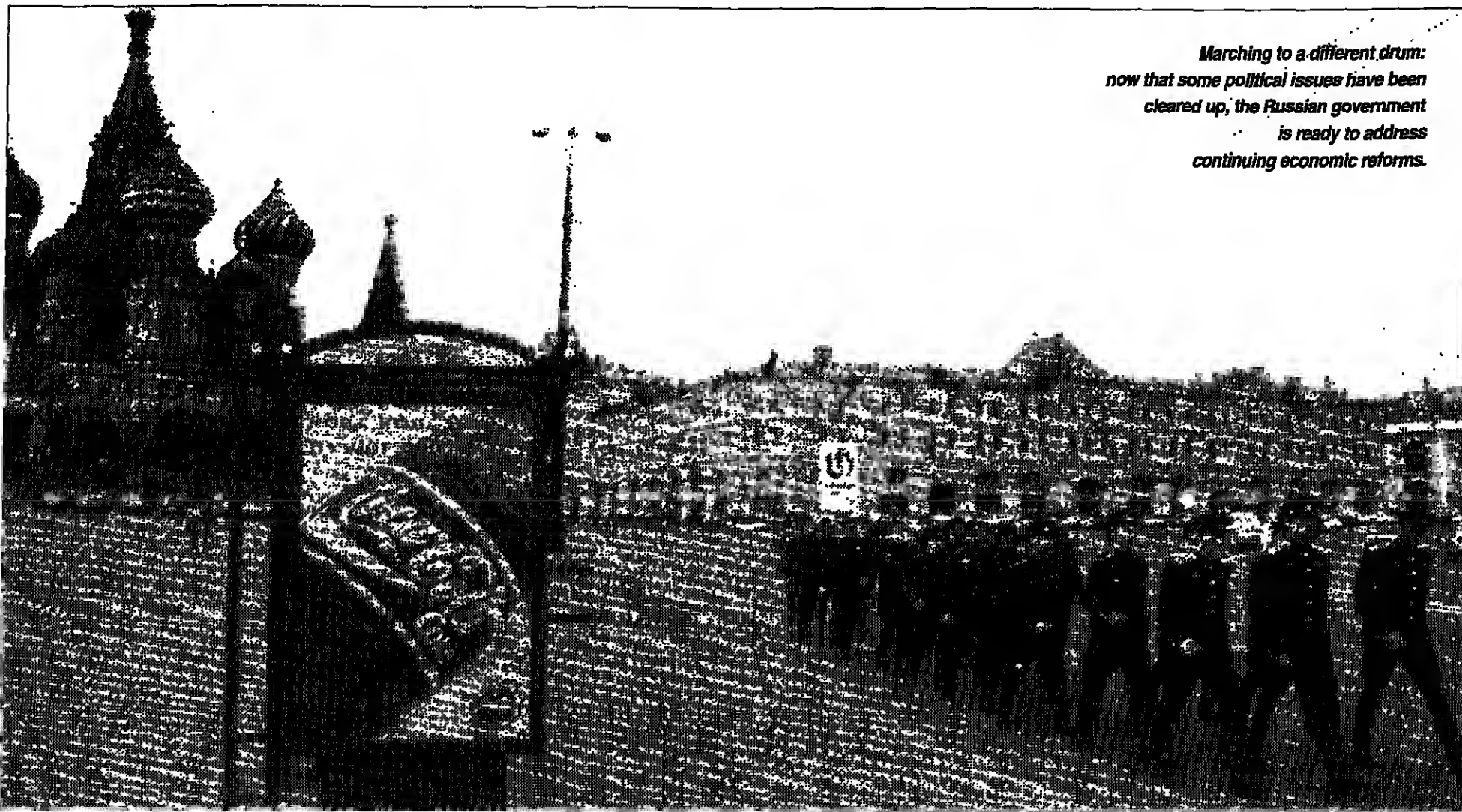
The mere fact that talk has now turned to economics is indicative of just how much progress has been made in the political sphere. Only a year ago, President Boris Yeltsin used tanks to drive his political opponents out of the old parliament building. These days, Duma Chairman Igor Rybkin, himself a veteran of the White House siege, works closely with the president, and there are encouraging signs that a series of long-overdue commercial and tax reforms will at last become part of the statute books.

A recent government reshuffle bodes well for reforms in 1995, analysts say. Radical reformer Anatoly Chubais was promoted to first deputy prime minister with overall responsibility for the economy to work with the new economics minister, Yevgeny Yasin, a seasoned marketer.

The government's program for 1995, which this new team must ensure is implemented, envisages slashing monthly inflation to less than 2 percent by the end of the year. This will be no mean achievement. While inflation was brought down to a monthly low of 4 percent in August, the "Black Tuesday" crash of the ruble forced the October rate up to a 10-month high of 15 percent.

Shrinking the deficit

The main weapon in the government's anti-inflationary armory will be its stated refusal to resort to using inflationary Cen-



Marching to a different drum: now that some political issues have been cleared up, the Russian government is ready to address continuing economic reforms.

tral Bank credits to finance a forecast 7.8 percent budget deficit. On current evidence, it looks as if it means business — even in the last quarter of this year, the government has turned away from simply printing more money to solve its problems, and this year's deficit looks set to come in at just under 10 percent.

Russia is now looking to fund the gap between revenue

and expenditure through an ambitious program of state bonds, coupled with some \$11 million to \$13 billion in long-term loans from international financial institutions. The World Bank says it is likely to hand over some \$3 billion in loans, while a \$4 billion standby loan from the International Monetary Fund is under discussion.

Moscow is also asking for a \$6 billion stabilization fund

from the IMF, which would prevent exchange-rate glitches like Black Tuesday's on Oct. 11, when the ruble lost 20 percent of its value in a day, sliding to nearly 4,000 to the dollar. It has since recovered to a position of around 3,100 to the dollar, and acting Central Bank chief Tatyana Paramonova

Continued on page 12

There Is Only One Newspaper in Russia which Is Filed by Companies

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State Investment Corporation was founded in February, 1993, on the basis of a presidential decree. The company's share capital amounts to \$ 1.25 billion. Its chairman is Yuri V. Petrov.

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R U S S I A

BANKING SECTOR IN SEARCH OF STABILITY

A shakeout may be coming in the banking sector, but in the meantime innovations are being made.

Russia's fast-growing private banking system, which has sprouted some 2,500 commercial banks in six years, is either lurching toward crisis or advancing by leaps and bounds — or both.

Several top banks are beginning to look fairly sophisticated, opening foreign branches, introducing Russians to services like automatic cash withdrawal, attracting foreign investment and building slick images through Western-style advertising campaigns.

Imperial Bank has distinguished itself with television ads set in the court of Catherine the Great. A huge neon advertisement in central Moscow touts Tokobank, one of the country's largest commercial banks, as a bastion of "respectability" and "stability."

Turning the image around

Still, banks are widely viewed with suspicion as more and more go under, taking with them the savings of ordinary Russians. Economists and government officials have warned that the banking system is heading for a crisis.

Bright spots remain, however.

Stolichny Bank, one of the country's largest, recently announced plans to buy 2,000 automatic teller machines from IBM to create the country's first major network of computerized cash dispensers. It also recently received permission to open the first Russian bank branch in the European Union, in Amsterdam.

Tokobank, with assets reportedly worth about \$1 billion, won the first major investment in a Russian bank when the European Bank for Reconstruction and Development bought 14 percent of its common voting stock for \$35 million in September.

The Russian National Commercial Bank, founded in 1990, is developing contacts with Western banks and investment funds interested in entering the country's financial markets.

Russian and foreign bankers are skeptical about the stability of the banking system. "Some banks are certainly attacking the market with a vengeance — they're spending a lot on

ads because they're so profitable," says Miljenko Horvat, who heads Citibank's operations in Russia. "But I'm afraid that the aggressiveness and growth have very little to do with the inherent stability or lack thereof of Russia's banks."

Capital cushions

Mr. Horvat says the apparent solidity of top banks like Stolichny and Tokobank may be illusory because accounting methods mandated by the Russian Central Bank do not conform to international standards. "Most banks have been spending every dollar they get, when it would be better to build reserves and get that capital cushion that would reflect that they are working in a very risky environment," he says.

The State Investment Corporation (Gosincor) has presented a plan to President Boris Yeltsin to compensate depositors in Sberbank, the former Soviet savings bank, which were frozen in April 1992.

Anne Barnard



The Central Bank has pledged to defend the exchange rate following the ruble's troubling one-day 20 percent slide in October.

STOCK MARKET AT THAT AWKWARD AGE, BUT GROWING UP FAST

Russia's young stock market has been developing at breakneck speed this year. Once regulation catches up, foreign capital should continue to pour in.

Foreign hedge funds have been pouring billions of dollars into Russia, but big institutional investors have yet to enter the still wild market, where buying a stock does not necessarily mean becoming a legitimate shareholder.

Government officials have estimated that foreign portfolio investment in Russia — the major factor influencing growth of the stock market — has risen to \$700 million a month from a mere \$150 million at the start of the year.

Attracting foreign funds

First Deputy Prime Minister Anatoly Chubais, who has overall responsibility for Russian economic policy, recently predicted foreign portfolio investment will continue to grow next year

and could reach \$1 billion a month.

Foreign investors have flocked to buy shares in Russia's oil, aluminum, electric power and communications industries, some reaping huge gains on stocks whose value grew more than 100 times in several months. The Moscow Times Stock Index, an indicator based on brokers' quotations of 30 leading stocks, has grown more than 50 points, to 150.39 from 100 on Sept. 1, when it was launched.

"In my opinion, the average share price of good companies in Russia will quadruple in two years," says Benoit Mounier, a Moscow-based manager for Eastern Capital Fund Ltd., an offshore fund that plans to put some \$50 million dollars into Russian equities.

Lately, however, the market has been in the doldrums, waiting for a boost from big institutional investors such as emerging market funds and pension funds. Officials and market dealers have warned that the government must secure property rights and develop better regulation of the market to maintain an inflow of foreign capital.

The need for discipline

Foreign and Russian investors have long suffered from the lack of regulation in Russia's securities markets. Russian industry managers, reluctant to share property rights in their companies, have been known to delay or even refuse registration of new shareholders. Company directors also commonly hide financial ac-

tivities from shareholders and bar principal outside investors from shareholders' meetings.

"These people got used to being czars in their enterprises, so they treat investors as unwanted guests, not fellow owners of the company," says Sergei Pavlenko, director of the governmental Center for Economic Reform.

Some Russian companies, however, have already changed their attitudes. In October, seven of Russia's leading industrial companies and investment funds stepped in to fill the legal vacuum left by the government, creating a bill of rights to protect their shareholders. The Declaration of Shareholders' Rights, signed by such giants as electricity producer United

Energy Systems and oil company LUKoil, guarantees the property rights of the companies' 8 million investors and requires the companies to provide shareholders with detailed financial disclosure.

Custodial services

Most big foreign investors, however, are still waiting for more guarantees on their money, and are unlikely to enter the market until custodial services, in which banks or other financial institutions guarantee ownership of shares, are set up.

CS First Boston, Chase Manhattan and Citibank are all working to establish such services, and investors hope they will be in place in the near future.

"In the next few months, I think that adequate custodial

services will be available on the market," said Mr. Mounier of Eastern Capital Fund. "When that happens, big foreign investors will come into the market, which will cause it to explode."

Besides ownership guarantees for investors, the Russian equities market lacks two other essential elements: It has neither a unified stock quotation system nor a clearing center where share purchases can be registered. Dealers often have to fly to outlying Siberian cities to register share trades at a company's headquarters.

Such costly and time-wasting procedures leave no room on the market for smaller investors, as most brokers refuse to go to the trouble to strike deals worth less than \$100,000.



The situation could soon improve, however, as more companies seek to attract the means of individual investors. Red October, Russia's largest candy factory, which

is offering 55 percent of its stock at cash auction in December, has already said it plans to sell most of the shares to individuals through special stock stores.

Mikhail Dubik

"RUSSIA" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITERS: Anne Barnard, Euan Croik, Mikhail Dubik, Julie Toltacheva and Mark Whitehouse are on the staff of The Moscow Times. PROGRAM DIRECTOR: Bill Maher.

LARGEST VOUCHER INVESTMENT FUND IN RUSSIA

Recently, the stories about JSC MMM received wide coverage in western media. Analysis of the publications revealed that they do not distinguish between JSC MMM and MMM-Invest. In most newspaper articles JSC MMM is referred to as "investment fund", whereas MMM-Invest is classed as a voucher investment fund. The present report is aimed to put the record straight.

The Voucher Investment Fund MMM-Invest was established in December 1992 to participate in the privatization process and is the largest in Russia. The Voucher Investment Fund obtained the license from the State Property Committee of the Russian Federation, numbered 58 and dated January 29, 1993. Fund authorized stock was registered by the State Property Committee on February 1 and September 1, 1993. Paid up

share capital amounts to Rbl. 42167 bn. or USD 13.593 m at the rate available on November 8, 1994. The number of shareholders is estimated at appr. 2.4 mln. An efficient investment strategy provided to Fund assets has been sourced from the shares of privatized enterprises and, qualified as highly liquid assets. The figures below illustrate the growth of market value of highly liquid Fund assets during recent months.

Date	Liquid assets value ('000 USD)	Asset value per single placed share (\$/share 1000 rbl. par value)
01.08.94	43 453	1.03
07.08.94	45 696	1.08
15.08.94	54 501	1.26
21.08.94	61 359	1.45
30.08.94	74 086	1.75
07.09.94	100 268	2.37
15.09.94	117 479	2.78
21.09.94	121 694	2.88
30.09.94	126 476	2.99
07.10.94	103 853	2.46
14.10.94	92 364	2.19
21.10.94	80 663	1.91
31.10.94	81 208	1.93
08.11.94	85 931	2.04

Note:

A fall of Fund assets' market value in the first half of October was resulted from a recent sharp decrease of shares quotations of oil production complex enterprises in the Russian market. Nevertheless, the table shows an upward trend of Fund assets values in the past two weeks that, connected first of all with growth of market price for other investment portfolio constituents, particularly costs of machine-building complex shares. For example, cost of AvtoVAZ Stock company shares, in which MMM-Invest has a largest block of shares, rose by over 40% for the last October in terms of US dollars.

A major shareholding (3 to 24.4% of ownership capital) of the privatized enterprises gives the right to participate in the decision making processes of the management of the enterprises. The Fund's representatives are on the boards of directors of some of the largest Russian enterprises.

Profit for the first quarter amounted to USD 12,308 m. A profit tax amounting, to USD 4,308 m, was contributed to the State. Out of all the voucher funds operating beneath equal conditions, MMM-Invest was the only one to make a major profit. By decision of the shareholders taken at the general meeting, May 13, 1994 this profit gained from the Fund activities was allocated in dividends. As of November 8, 1994,

a market value of Fund liquid assets is 6.3 as larger as the Fund authorized capital.

The Fund is represented by a team of highly skilled professionals. Some of the top managers are doctors of economics and many have gained qualifications in securities dealing from the Finance Ministry of Russia.

The Voucher Investment Fund MMM-Invest is financially and legally fully independent from the companies incorporated in the MMM Association, and, from JSC MMM, which has been the subject of great discussion in recent months in both Russian and Western media.

LIST OF INVESTMENTS

Voucher Investment Fund "MMM-Invest"
In excess of 3% ownership capital:

Name in alphabetical order	% from ownership capital	Description of activity	Location
AVTOVAZ	8,18	Car production	Samara dist.
ANGARSKNEFTEORGSYNTEZ	11,30	Oil refinery	Irkutsk dist.
BERIOZKA IN LUZHNIKI	19,43	Trade	Moscow
VARIOGANNEFTEGAZ	3,04	Oil and gas extraction	Tyumen dist.
MIL' HELICOPTER PLANT	7,55	Design and production of helicopters	Moscow
HOUSING CONSTRUCTION CENTER N.9	3,06	Construction	Moscow
LENINGRAD OPTICS AND MECHANICAL PLANT (LOMO)	4,80	Precision Manufacturing	St. Petersburg
MOSCOW JEWELLERY PLANT	24,48	Jewellery making	Moscow
RYAZAN OIL PROCESSING PLANT	6,86	Oil refinery	Ryazan
TOMSK OIL AND CHEMICAL PLANT	18,58	Oil refinery	Tomsk
TOURCENTER SUZDAL	11,65	Tourist industry	Vladimir dist.
UAZ	17,02	Car production	Ulianovsk
TSUM	5,50	Trade	Moscow
JAVA TOBACCO	4,02	Cigarette making	Moscow

Up to 3% ownership capital:

"On Tverskaya" (hotel "Minsk", Moscow); Ostankino meat processing plant (Moscow); Hotel complex "Kosmos" (Moscow); "Red October" (confectionary, Moscow); "MIKROMASHINA" (MIKMA, consumer appliances, Moscow); PURNEFTEGAZ (oil and gas extraction, Tyumen dist.); NOYABRSKNEFTEGAS (oil and gas extraction, Tyumen dist.); KONDPETROLEUM (oil and gas extraction, Tyumen dist.); SAKHALINMORNEFTEGAS (oil and gas extraction, Sakhalin); NORILSKY NICKEL (ferrous metallurgy, Krasnojarsk region); MEGIONNEFTEGAS (oil and gas extraction, Tyumen dist.); KIRISHINEFTEORGSYNTEZ (oil refinery, Leningrad dist.); NIZHNEVARTOVSKNEFTEGAS (oil and gas extraction, Tyumen dist.).

MMM - Invest is currently seeking foreign companies wishing to participate in the privatization process in Russia. MMM - Invest offers business consulting services and joint operations in securities in the Russian market.

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NASDAQ

Thursday's 4 p.m.
This list compiled by the AP, consists of the 1,000
most traded securities in terms of dollar value. It is
updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Label	Chg
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Chrysler Bows To Kerkorian, Lifting Dividend

The Associated Press
DETROIT—Chrysler Corp. on Thursday increased its dividend 60 percent, announced it would buy back \$1 billion in stock and relaxed its anti-takeover defenses, three of four steps proposed by the company's largest shareholder.

Kirk Kerkorian, the billionaire who owns 9 percent of Chrysler and has been pressing for action to increase the value of his investment, had also asked the company to split its stock, but no split was announced.

Chrysler raised its quarterly dividend to 40 cents a share from 25 cents. The company also had made two 5-cent increases in the past year. The latest increase will cost Chrysler \$212.4 million a year, based on its 354 million shares of common stock outstanding.

The stock repurchase program will start after the first of the year.

"We remain committed to enhancing shareholder value, and this is a very effective method for doing so," Robert J. Eaton, the chairman of Chrysler, said.

Despite the company's moves, Chrysler's stock fell 62.5 cents to close at \$47.875 in New York Stock Exchange trading of 3.5 million shares.

Nevertheless, Mr. Kerkorian's company, Tracinda Corp., applauded the moves.

"We're very pleased with the program that the Chrysler board of directors announced," Alex Vamendjian, an executive at Tracinda, said. "We hope that board will reconsider a stock split sometime in the future."

Chrysler also modified its so-called poison pill anti-takeover provision so that it was not triggered until a stockholder acquired 15 percent of the shares outstanding. The previous trigger was 10 percent. Mr. Kerkorian has asked federal regulators' permission to increase his stake in the company to as much as 15 percent.

Mr. Kerkorian wrote to the Chrysler board Nov. 14, calling for a dividend increase, stock buyback, stock split and relaxation of the anti-takeover defense. He said he would pursue the proposals, in court or otherwise, if the board did not act on them by Dec. 15.

Booming auto sales and Chrysler's cost-cutting have combined to push the company's profit to record levels this year. But Chrysler's stock has not mirrored this performance. The shares peaked at about \$63 early in the year and have trended downward since.

Activity Nears 11-Year High At U.S. Factories

Compiled by Our Staff From Dispatches
NEW YORK—U.S. manufacturing activity rose for the 15th straight month in November and hit its fastest pace in nearly 11 years, the National Association of Manufacturers said Thursday.

The association said its manufacturing index, a gauge of output from factories, increased to 61.2 in November from 59.9 in October. That is the highest rate since February 1984, when the reading hit 61.3.

The group's price index, considered by some to be a gauge of inflation, fell to 77.9 from a six-year high of 79.9 in October.

A purchasing management index reading of 50 or more indicates that the manufacturing economy is expanding.

The indexes measure how many manufacturers reported increased output or paid more for raw materials.

(Bloomberg, Reuters)

Indonesia's Red-Hot Profit Center Sales Soar at Maker of Unique Clove-Laced Cigarette

By Paul Blustein
Washington Post Service
SURABAYA, Indonesia—Tropical dampness hangs heavily in the morning air. The spicy-sweet aroma of cloves permeates the factory floor. Fingers fly in a blur as women produce 300 to 400 cigarettes filled with cloves and strong tobacco an hour.

Even in Asia, few companies are as ooc as exotic and as dynamic as H. M. Sampoerna, the most profitable maker of kretek, Indonesia's unique cigarette.

It's a huge business, as evidenced by the smoky fragrance that pervades the streets of the world's fourth most populous country.

Sampoerna ranks as one of the most sophisticated and fastest-growing companies in this booming region, an example of the tough local competition that Western and Japanese multinational firms are finding as they invade Asia's lucrative markets.

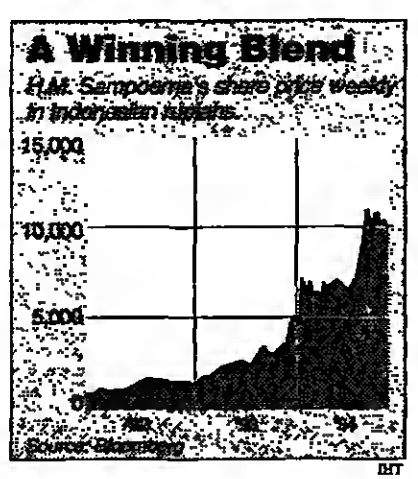
It's a flourishing company that must occasionally sumoos priests to its factories because cigarette rollers sometimes become seized by a fear of ghosts—a burst light bulb once sent thousands of workers fleeing. And workers are organized into villages and subvillages headed by "village chiefs."

Yet the company raises money on the Eurobond market and employs Madison Avenue-style advertising and market research. And its stock is red-hot: Based on the recent price on the Jakarta stock

exchange, the company is worth about \$2.2 billion.

Sampoerna's sales have risen at a compound rate of 50 percent a year since 1990, propelled by clever marketing and fast-rising consumer incomes. It is only slightly slowed by a government-backed clove monopoly organized by Tommy Suharto, President Suharto's youngest son, that charges about four times the world price for cloves.

"Let's put it this way," Putera Sampoerna, the 47-year-old company president, said with a shrug, referring to the clove monopoly. "My five-year plan became a seven-year plan."



Mr. Putera's grandfather, Liem Seeng Tee, established the country's first brand-name product, a kretek called 2-3-4, or Di Sam Soe (pronounced "jee-sum-soo"), which is Hokkien Chinese for the three numbers.

The founder gave 2-3-4 a prestige image that has proven a gold mine. With its high-quality ingredients, the brand is widely viewed as a smoke to be savored like a fine cigar. It commands twice the price of an average kretek, about \$1.05 a pack, a hefty sum in a country where per-capita annual income is around \$700.

The product is extraordinarily unhealthy. An unfiltered stick of 2-3-4, which is still made today with the same tobacco and clove blend that Liem Seeng Tee used eight decades ago, contains about 60 milligrams of tar, compared with 26 milligrams for a regular unfiltered Lucky Strike and 16 milligrams for a king-size filtered Marlboro.

But, as the brokerage firm Jardine Fleming observed in a recent report, "there is no goal to deter smoking" in Indonesia. That is partly because the government has more urgent health problems, such as malaria and typhoid, and partly because "the kretek industry is simply too important for the overall Indonesian economy."

Kretek makers employ more Indonesians than anyone else except the government and pay more taxes than any other

See KRETEK, Page 17

Fund Losses Squeeze California County

Bloomberg Business News
SANTA ANA, California—A wealthy Southern California county known as a bastion of conservatism said Thursday that the value of its investment fund had tumbled about \$1.5 billion this year, partly because of holdings of risky securities called derivatives.

Orange County's setback was the biggest disclosed by any municipality in the United States this year. Since 1992, more than 24 cities, counties and school districts have lost hundreds of millions of dollars from investments in derivatives, whose value is derived from an underlying index or asset, such as bonds, currencies or commodities.

If Orange County is forced to sell its securities at big losses, financial shock waves would shake communities throughout California. Orange County included in its investment fund money from as many as 187 other California municipalities.

The fund's market value has dropped an estimated 7 percent, to \$18.5 billion from \$20 billion, since January, the county said.

The Orange County treasurer, Robert Citron, who

launched the fund in the late 1980s, promised investors returns of 8 percent or 9 percent, said Ronald Struck, an institutional trader of mortgage-backed securities at Countrywide Securities, a unit of Countrywide Industries Inc., in Pasadena, California.

The state's fund for municipalities was offering returns of about 4 percent at the time, Mr. Struck said. Now those investors cannot withdraw their money, because Mr. Citron has exercised his right to freeze the funds for 30 days, Mr. Struck said.

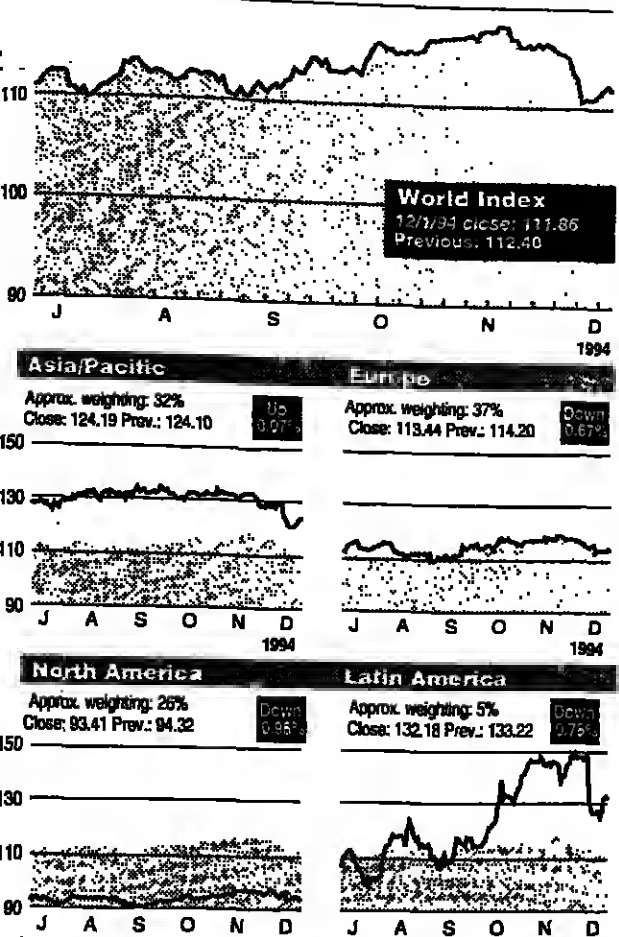
Mr. Citron was not immediately available for comment. The county treasurer is known for his aggressive investments, including purchases of derivatives.

The county said it had assembled a team of executives and business and securities consultants to "develop a strategy for repositioning the fund's investments."

Merrill Lynch & Co. shares fell \$1.50 to \$36.50 on concern about the brokerage concern's exposure to potential Orange County losses, Merrill Lynch's San Francisco office said. Orange County many of its investments, traders said.

THE TRIB INDEX: 111.86

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



World Index

1994

1994

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors

	Ths. close	Prev. close	% change		Ths. close	Prev. close	% change
Energy	111.97	113.26	-1.14	Capital Goods	111.47	111.97	-0.45
Utilities	124.24	124.94	-0.56	Raw Materials	126.57	129.47	-0.70
Finance	112.91	112.80	+0.29	Consumer Goods	102.52	103.29	-0.75
Services	112.65	113.84	-1.05	Miscellaneous	115.14	115.19	-0.04

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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Thinking Ahead / Commentary

Can India Match China? Not Likely

By Reginald Dale
International Herald Tribune
WASHINGTON—Will India be the next China? Is India, in other words, heading for a growth explosion that will bring it global economic superpower status alongside China in the 21st century?

Three years after their country began struggling free from a system of state controls unmatched in the non-Communist world, many Indians say the answer is yes. The parallels between India and China are close enough that many foreign investors are beginning to agree.

Although China started 12 years earlier, both countries are in the throes of tumultuous change as they move from command economies to free enterprise and from agriculture to industry.

Both are opening up to the outside world after years of isolation. While China's population, at 1.2 billion, is bigger, India's, at 920 million, is growing faster.

Foreign money is pouring into India, although not nearly so quickly as into China. Already, by some measures, India is the fifth- or sixth-ranking world economy, level with France.

Last year, China's economy grew more than three times as fast as India's. But India is poised for takeoff, and some say it could overtake China in the years ahead.

Among India's advantages are a democratic government, a well-trained legal system, a big professional class, wide use of English and familiarity with Western ways. India has a more sophisticated

financial system and a better-developed private sector than China.

India's much-criticized infrastructure is still probably better than China's, particularly now that telecommunications, power, electricity and airlines are being privatized. And, despite its agitated history of assassinations and internal strife, India may prove more politically stable.

China faces the uncertainty of Deng Xiaoping's succession, tension between Beijing and the provinces, and huge regional wealth disparities. Nobody knows whether or how far an authoritarian regime can survive as the country becomes richer and more open.

"India, by contrast, looks astonishingly predictable," writes Jean-Louis Martin in a comparative study of the two countries for the Banque Indosuez in Paris. But Mr. Martin argues that there are inescapable economic reasons for India's growth to be less dramatic than that in China.

India has far worse financial problems, both in terms of foreign debt and internal deficits, and it gets much less help from its residents overseas than China does from its expatriates. India has no Hong Kong or Taiwan on its borders.

But the main reason China's growth is likely to remain stronger is that, unlike India, it started from scratch. China got a massive boost from privatizing agriculture and creating industries and services that had simply not existed before. It still has vast amounts of virgin territory in its coastal areas to convert into export powerhouses.

India, however, already has private agriculture and a more diverse economy. The pace of its reform is slow and erratic.

If it is to catch up with China, or with Indonesia for that matter, India will need to speed the reform process. The army of bureaucrats who for so long paralyzed the economy are still too powerful, and there is still too much corruption. Bureaucratic state-controlled industries need to be made more efficient, labor laws modernized, and banks released from state control.

India enthusiasts should keep a sense of proportion. "Whereas China's ambition is to become the world's largest economy," Mr. Martin writes, "India is fighting, as Finance Minister Manmohan Singh has put it, against 'the certain prospect of entering the 21st century as just about the poorest country in Asia.'"

Mr. Martin thinks China will settle down to growth of between 8 percent and 10 percent, against 6 percent to 7 percent in India. In the second half of the 1990s, India is likely to provide the main new opportunity in Asia for foreign investors and exporters, just as China did 10 years ago. But another China? Not likely.

Both economies are growing dramatically, but India lacks the resources to overtake China.

Pilots Scuttle Iberia's Rescue Proposal

Compiled by Our Staff From Dispatches
MADRID—A bid to salvage the near-bankrupt airline Iberia appeared doomed Thursday after overnight talks between management and pilots ended in disagreement over pay cuts.

Management and representatives of the carrier's two main unions reached a tentative agreement Tuesday on a plan that entailed a wage freeze, salary cuts averaging 8.5 percent and a reduction of about 3,500 jobs through measures including early retirements.

"We are left without an agreement," said Javier Salas, the chairman of Iberia. He said that without the cooperation of the pilots' union it would be "difficult if not impossible" to carry out the viability plan. Agreement with all unions is vital to

secure European Commission approval of a capital injection of about 130 billion pesetas (\$1 billion) to revive the airline, which had losses totaling nearly 200 billion pesetas over the past five years.

"The pilots are only 5 percent of the work force, but the best-paid 5 percent and that on which production depends," a company spokesman said. "They have the last word, and they know it."

Iberia has said that without an emergency restructuring, the airline would face bankruptcy by March. The deal called for pay cuts ranging from 3 percent to 15 percent and 3,500 job losses between 1994 and 1997.

Other Iberia unions have already agreed to the plan, and some were critical of the pilots' decision.

"It doesn't surprise us they failed to

agree," said a spokesman for one of the two major unions that together represent 70 percent of Iberia's work force.

A spokesman from the General Workers' Union suggested forcing cooperation by cutting the number of pilots. He said there were at least 250 pilots too many at Iberia.

But the pilots union will not shoulder the blame for sinking the management bailout plan, a spokesman said.

"They are unfairly putting the blame on us if the viability plan does not go ahead," the spokesman said.

Also on Thursday, Iberia's nonpilot unions canceled a wildcat strike that had been planned for Friday. The strike had been called before management's rescue plan was proposed.

(Reuters, AP)

Italy Hopes To Return Lira to Grid

Reuters
FRANKFURT—Italy hopes to take the lira back into the European Union's exchange-rate mechanism, the system of currency management, next year, Budget Minister Giancarlo Pagliarini said Thursday.

"We want to do that for sure, but there is some opposition," Mr. Pagliarini told bankers at a speech to the Frankfurt Chamber of Commerce.

Italy, along with Britain, abandoned the mechanism in September 1992, when markets put currencies under speculative pressure in the semifixed exchange-rate grid.

By taking the lira back into the system in 1995, Italy would potentially qualify for membership in the projected European monetary union in 1997, the first date possible under the Maastricht Treaty.

EU countries must be part of the exchange-rate mechanism for two years, and their currencies must trade within normal fluctuation bands as a prerequisite to qualify for the monetary union. They must also fulfill stiff economic conditions relating to interest rates, inflation and budget deficits.

Mr. Pagliarini said Italy, as a founder member of the European Community, was especially determined to meet all the criteria for membership of the monetary union.

"It's very important for us, since we were there at the Treaty of Rome, that we be a part of this," he said.

JB BLANCPAIN

Since 1735 there has never been a quartz Blancpain watch. And there never will be.

Arfan

Arfan is a member of the European Community, was especially determined to meet all the criteria for membership of the monetary union. "It's very important for us, since we were there at the Treaty of Rome, that we be a part of this," he said.

CURRENCY & INTEREST RATES

Cross Rates										Dec. 1					Eurocurrency Deposits					Dec. 1				
	\$	£	D.M.	F.F.	Lira	Yen	S. Afr.	Sw. Kron.	CS. Pseudo	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU								
Australia	1.79	2.29	1.94	2.35	2.88	1.37	1.37	1.37	1.37	1 month	5 1/4 %	5 1/4 %	5 1/4 %	5 1/4 %	5 1/4 %	5 1/4 %								
Brussels	3.33	3.43	3.53	3.63	3.73	3.83	3.93	4.03	4.13	1 month	6 1/4 %	5 1/4 %	3 1/4 %	4 1/4 %	5 1/4 %	5 1/4 %								
Frankfurt	1.92	2.42	2.92	3.42	3.92	4.42	4.92	5.42	5.92	6 months	6 1/4 %	5 1/4 %	4 1/4 %	5 1/4 %	5 1/4 %	5 1/4 %								
London	1.56	2.06	2.56	3.06	3.56	4.06	4.56	5.06	5.56	1 year	7 1/4 %	5 1/4 %	4 1/4 %	5 1/4 %	5 1/4 %	5 1/4 %								
Madrid	16.89	26.89	36.89	46.89	56.89	66.89	76.89	86.89	96.89	Sources: Reuters, Lloyds Bank.														
Paris	1.66	2.16	2.66	3.16	3.66	4.16	4.66	5.16	5.66	Rates applicable to interbank deposits of \$1 million (minimum for equivalent).														
Rome	1.36	1.86	2.36	2.86	3.36	3.86	4.36	4.86	5.36	Key Money Rates														
Tokyo	1.56	2.06	2.56	3.06	3.56	4.06	4.56	5.06	5.56	United States														
Toronto	1.76	2.26	2.76	3.26	3.76	4.26	4.76	5.26	5.76	Discount rate														
Zurich	1.96	2.46	2.96	3.46	3.96	4.46	4.96	5.46	5.96	Prime rate														
1 ECU	1.24	1.74	2.24	2.74	3.24	3.74	4.24	4.74	5.24	Federal funds														
1 SDR	1.48	1.98	2.48	2.98	3.48	3.98	4.48	4.98	5.48	3-month CD														
Closes in Amsterdam, London, New York and Zurich. Rates in other centers: Toronto rates at 2 A.M.										6-month CD														
a. To buy one pound; b. To buy one dollar; c. Units of 100; N.G.: not quoted; M.A.: not available.										3-month Treasury bill														
Other Dollar Values										1-year Treasury bill														
Argentine peso	6.99	Greek drachm	2.35	Malay. ring.	3.49	S. Afr. rand	3.56	S. Kor. won	79.20	2-year Treasury bill														
Australian \$	1.79	Hong Kong \$	7.73	N. Zealand \$	1.91	S. Afr. rand	3.56	Swed. krona	7.46	3-year Treasury bill														
Belgian franc	33.33	Indian rupee	21.47	Phil. peso	20.00	Taiwan \$	25.00	Thai baht	25.00	4-year Treasury bill														
Brazilian real	0.15	Indo. rupiah	2.37	Port. escudo	200.00	Turkish lra	66.65	U.S. dollar	1.00	5-year Treasury bill														
Canadian \$	0.71	Israeli \$	2.37	Rest. ruble	25.00	U.S. dollar	1.00	Venez. bolivar	197.50	6-month Eurodollar														
Chilean peso	8.13	Japanese yen	1.37	South African rand	3.49	Swiss franc	1.48	Swiss franc	1.48	12-month Eurodollar														
Czech koruna	20.33	South African rand	3.49	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	3-month Eurodollar														
Danish krone	6.46	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	6-month Eurodollar														
Deutsche mark	1.93	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	9-month Eurodollar														
French franc	6.55	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	12-month Eurodollar														
Italian lira	2.36	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	3-month Eurodollar														
Netherlands guilder	2.36	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	6-month Eurodollar														
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Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	9-month Eurodollar														
Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	12-month Eurodollar														
Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	Swiss franc	1.48	3-month Eurodollar														
Swiss franc	1.48	Swiss franc																						

MARKET DIARY

Computer Issues
Drag Down Stocks

Compiled by Our Staff From Dispatches

NEW YORK — Stocks slumped Thursday on a combination of continued weakness in Treasury bonds and a sell-off in computer and retail stocks.

The Dow Jones industrial average closed 38.36 points lower, at 3,700.87.

Declining issues led advances by a 5-to-2 ratio on the New York Stock Exchange, where

trades on the New York Stock Exchange.

Computer stocks were broadly lower as concern mounted about Intel's Pentium chips. Intel fell 27/46, to 62 45/64, pulling down other computer stocks.

Dell Computer closed down 35/16, at 39 1/4, and Gateway 2000 fell 13/16, to 20 1/16. CS First Boston downgraded the issues, citing potential expenses tied to the problem Pentium chips.

Digital Equipment fell 2 3/4, to 31 3/4, Compaq fell 1/4, to 38 1/4, and IBM fell 1/4, to 69 1/4.

Best Buy sank 1 1/4, to 32 1/4, after the consumer electronics retailer said it expected third-quarter earnings to fall below Wall Street estimates.

News that Hewlett-Packard would cut prices on some personal computers pressured its shares 2 3/4, to 95.

Retailing stocks dropped on weak November sales data. Wal-Mart Stores fell 1/4, to 23 1/4. Gap Stores dropped 3/4, to 32 1/4, and Penney edged down 3/4, to 42 1/4.

Lotus fell 1/4, to 44 1/4, after Goldman Sachs cut its fourth-quarter and 1995 profit estimates.

(AP, Bloomberg, Reuters)

U.S. Stocks

volume totaled 289 million shares.

Stocks responded to a drop in bond prices, which was due to the release of stronger-than-expected economic data. The price of the benchmark 30-year Treasury bond fell 5/32, to 94 5/32, and the yield rose to yield 8.02 percent from 8.00 percent Wednesday.

Economic reports signaling a robust economy stirred concern that rising interest rates would hurt profits and lure more money into higher-yielding, less risky Treasury securities.

The most actively traded stock, at 11 million shares, was Intel, which trades on the Nasdaq system. It was followed by the retailer Best Buy, which

Dollar Rises as Chance
Of Rate Increase Grows

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against other major currencies Thursday after strong economic data seemed to enhance the likelihood of further rate increases by the Federal Reserve Board.

The dollar finished here Thursday at 1.5735 Deutsche marks, up from 1.5700 DM Wednesday, and at 99.345 yen.

Foreign Exchange

up from 98.975 yen. It rose to 1.3295 Swiss francs from 1.3272 francs and to 5.3930 French francs from 5.3835 francs. But the pound rose to \$1.5665 from \$1.5645.

Support came from a sharp increase in the National Association of Purchasing Management's index of manufacturing activity for November. The association's price-paid index fell, indicating economic expansion with little threat of inflation.

Nonetheless, currency traders said they expected the re-

port would prompt the Fed to raise rates again to rein in growth before inflation gets a chance to take hold.

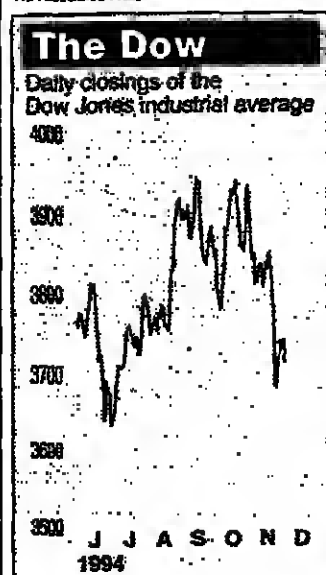
"We've seen evidence that there is a more aggressive Fed out there," said Guillermo Esteban, an economist at Bank of America. "It's sinking in that the central bank won't let inflation get out of hand."

The ability of the U.S. currency to hold its ground despite lower Treasury bond prices also encouraged investors.

"The Fed has more credibility in the foreign exchange market than in the bond market, and this is leading to a decoupling of the dollar from the bond," said Earl Johnson, an analyst with Harris Trust & Savings.

Comments by Edward Kelley, a Federal Reserve Board governor, also underpinned the dollar. Mr. Kelley said he wanted to see the dollar stronger and said the U.S. economy continued to perform more strongly than expected.

(AFX, Knight-Ridder, Bloomberg)



NYSE Most Active

Vol.	High	Low	Last	Chg.
IBM	69 1/4	69 1/4	69 1/4	-1 1/4
Microsoft	62 1/2	62 1/2	62 1/2	-27/46
Intel	62 1/2	62 1/2	62 1/2	-1 1/4
Oracle	45 1/4	45 1/4	45 1/4	-1 1/4
Compaq	38 1/4	38 1/4	38 1/4	-1/4
Dell	39 1/4	39 1/4	39 1/4	-35/16
Gateway	20 1/16	20 1/16	20 1/16	-13/16
CS First Boston	20 1/16	20 1/16	20 1/16	-13/16
Best Buy	32 1/4	32 1/4	32 1/4	-1 1/4
Wal-Mart	23 1/4	23 1/4	23 1/4	-1/4
Gap	32 1/4	32 1/4	32 1/4	-3/4
Penney	42 1/4	42 1/4	42 1/4	-3/4
Lotus	44 1/4	44 1/4	44 1/4	-1/4

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Intel	62 1/2	62 1/2	62 1/2	-1 1/4
Microsoft	62 1/2	62 1/2	62 1/2	-27/46
Oracle	45 1/4	45 1/4	45 1/4	-1 1/4
Compaq	38 1/4	38 1/4	38 1/4	-1/4
Dell	39 1/4	39 1/4	39 1/4	-35/16
Gateway	20 1/16	20 1/16	20 1/16	-13/16
CS First Boston	20 1/16	20 1/16	20 1/16	-13/16
Best Buy	32 1/4	32 1/4	32 1/4	-1 1/4
Wal-Mart	23 1/4	23 1/4	23 1/4	-1/4
Gap	32 1/4	32 1/4	32 1/4	-3/4
Penney	42 1/4	42 1/4	42 1/4	-3/4
Lotus	44 1/4	44 1/4	44 1/4	-1/4

AMEX Most Active

Vol.	High	Low	Last	Chg.
IBM	69 1/4	69 1/4	69 1/4	-1 1/4
Microsoft	62 1/2	62 1/2	62 1/2	-27/46
Intel	62 1/2	62 1/2	62 1/2	-1 1/4
Oracle	45 1/4	45 1/4	45 1/4	-1 1/4
Compaq	38 1/4	38 1/4	38 1/4	-1/4
Dell	39 1/4	39 1/4	39 1/4	-35/16
Gateway	20 1/16	20 1/16	20 1/16	-13/16
CS First Boston	20 1/16	20 1/16	20 1/16	-13/16
Best Buy	32 1/4	32 1/4	32 1/4	-1 1/4
Wal-Mart	23 1/4	23 1/4	23 1/4	-1/4
Gap	32 1/4	32 1/4	32 1/4	-3/4
Penney	42 1/4	42 1/4	42 1/4	-3/4
Lotus	44 1/4	44 1/4	44 1/4	-1/4

Market Sales

NYSE	Vol.	High	Low	Last	Chg.
NYSE	289,000,000	69 1/4	69 1/4	69 1/4	-1 1/4
Nasdaq	1,100,000,000	62 1/2	62 1/2	62 1/2	-27/46
AMEX	100,000,000	62 1/2	62 1/2	62 1/2	-27/46

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus	3742.51	3742.51	3742.51	-38.36
Transp	1460.31	1460.31	1460.31	-1.48
Util	1732.19	1732.19	1732.19	-1.30
Comp	1248.40	1248.40	1248.40	-1.81

Standard & Poor's Indexes

and left the company last year. He took pains to contrast himself with two of his industry rivals — Bill Gates, chairman of Microsoft, and Andrew S.

NYSE Indexes

cause of the technospeak, its going to happen, but it's not."

NASDAQ Indexes

Close Prev.			
BCE Mobile Com	43 1/4	44 1/4	Sing Airlines N
Con Tine A	11 1/4	11 1/4	Sing Bus Svc
Con Util A	23 3/4	23 3/4	Sing Land
Costco	7 1/4	7 1/4	Sing Petim
CT Finl Svc	16	16	Sing Press for

AMEX Stock Index

Hees Int'l Bco	12 1/2	12 1/2	Stratco Trading
Hudson's Bay Co	24 1/2	24 1/2	Tru Lee Bank
Imperial Ltd	38 1/2	38 1/2	Utd Industrial
Investors Grp Inc	15 1/4	15 1/4	Utd O'sea Bk N
Labatt (John)	20 1/4	20 1/4	Utd O'sea Lat
Lablaw Cos	22 1/4	22 1/4	Streets Times
Molson A	18 1/4	18 1/4	Previous : 22 1/4
Nott Bk Canada	9 1/2	9 1/2	
Oshawa A	77 1/2	77 1/2	

Dow Jones Bond Averages

Open	High	Low	Last	Chg.
10 Yr	94 5/32	94 5/32	94 5/32	+5/32
30 Yr	94 5/32	94 5/32	94 5/32	+5/32
1 Yr	94 5/32	94 5/32	94 5/32	+5/32
3 Mo	94 5/32	94 5/32	94 5/32	+5/32

NYSE Diary

Aacor	570	587	3-2 Bunker A
Air Liquide	731	743	Skandia F
Aircoel Aismom	453.29	435	Skandia BF
Axa	264.50	264.90	SKF BF
Bancarel (Cle)	563	579	Stora AF
BIC	465	669	Trelleborg BF
BNP	269.40	267	Volvo BF
Bauygues	563	570	Affaires exterie
			Primes : 190

AMEX Diary

Chargours	1250	1263	Amcor
Ciments Franc	250	252	ANZ
Club Med	448	450	BNP
EN-Aquitaine	373	365.50	Beral
Euro Disney	8.80	8.90	Bougainville
Gen. Eaux	510	515	Coles Myer
Havas	437	437.30	Comcast
Imperial	528	514	CRA
Lafarge Copece	398.50	413.10	

NASDAQ Diary

LA V.N.H.	855	861	Magellan
Norfolk-Hatchette	118	118.50	MIRA
Michelin 8	204	207	Net Aust Bank
Moulines	104.20	111.40	News Corp
Pechiney	205.30	381	N Broken Hill
Pechiney Intl	165	162.50	Pac Dunlop
Permot-Ricard	322	329.60	Plaster Intl
Progest	782	788	Nmmyd Poseld
Pineau Print	952	960	Publicis Brdr
Proxima	60	60	

Spot Commodities

Gold	261	264.90	Western Union
Solint Gobain	643	648	Westpac Bank
S.F.B.	532	532	Woodside
Sfr Generale	621	616	All Ordinaries
Suez	263.40	265	Previous : TEN
Thomson-CSP	167	169	
Total	333	337	
U.A.P.	150.30	152	
Valco	280	287	

U.S. Futures

Sao Paulo			
Banco do Brasil	17.35	17	
Banespa	10.20	9.66	
Bradesco	7	6.90	
Brahma	297	297	
Cemig	87.50	87.50	
Eletronorm	201	208	
			Bridgestone
			Canon
			Caslo
			Dai Nippon Pr
			Delva House
			Delva Securifi
			Favuc
			Fuji Bank
			Fujl Bente

European Futures

Southern	120.51	123	Honda
Souza Cruz	7.95	8.19	Isa Yekoda
Telebras	40.50	40.50	Itochu
Telesp	380	375	Japan Airlines
Usiminas	1.25	1.34	Kajima
Vale Rio Doce	157.50	162	Kongul Power
Varig	3300	3450	Kowasaki Steel
			Kirin Brewery
Bovespa Index : 46523			

Stock Indexes

Singapore			Mitsui Elec Wk
Asia Pac Brew	15.80	15.40	Mitsubishi Bt
Cembas	7.95	8.10	Mitsubishi Chem
City Development	7.95	7.75	Mitsubishi Elec
Cycle & Carriage	13.30	12.90	Mitsubishi Hous
DBS	10.50	10.50	Mitsubishi Corp
Deli Land	4.48	4.52	Mitsui and Co
			Mitsui Marine

Dividends

Long Leong Fin	4.16	4.20	NASA Insurance
Nicholson	5.05	5.20	Nikko Securities
Nirong Shisward	11.20	11.60	Nirong Kachak
Say Niran J Casel	1.78	1.76	Nippon Oil
Casell	11.80	11.90	Nippon Steel
Kobasree	2	3.34	Nippon Yusen
Nippon Orient	1.95	7.94	Nippon
OCBC forelan	15	15	Nomura Sec
Norona Niran Bk	6.85	6.85	NTT

Commodity Indexes

High	Low	Last	Chg.
Comp	54.54	54.54	54.54
Indus	54.54	54.54	54.54
Transp	54.54	54.54	54.54
Util	54.54	54.54	54.54

Dow Jones Averages

Open	High	Low	Last	Chg.
Indus	3742.51	3742.51	3742.51	-38.36
Transp	1460.31	1460.31	1460.31	-1.48
Util	1732.19	1732.19	1732.19	-1.30
Comp	1248.40	1248.40	1248.40	-1.81

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	540.23	532.61	533.72	-5.94
Transp.	349.20	344.47	346.04	-2.54
Utilities	150.07	148.07	148.49	-1.68
Finance	41.09	40.67	40.75	-0.25
SP 500	453.91	447.97	448.92	-4.77
DOW	453.91	447.97	448.92	-4.77

NYSE Indexes

NYSE Indexes				
	High	Low	Last	Chg.
Composite	248.55	245.64	246.04	-2.37
Industrials	213.97	209.79	210.31	-3.28
Transp.	224.35	221.70	222.47	-1.79

NASDAQ Indexes

NASDAQ Indexes				
	High	Low	Last	Chg.
Composite	748.45	747.04	747.04	-1.28
Industrials	753.99	746.20	746.20	-10.28
Bonies	677.28	689.02	689.02	-8.67

AMEX Stock Index

AMEX Stock Index				
	High	Low	Last	Chg.
	434.18	430.87	431.18	-2.67

Dow Jones Bond Averages

Open	High	Low	Last	Chg.
10 Yr	94 5/32	94 5/32	94 5/32	+5/32
30 Yr	94 5/32	94 5/32	94 5/32	+5/32
1 Yr	94 5/32	94 5/32	94 5/32	+5/32
3 Mo	94 5/32	94 5/32	94 5/32	+5/32

NYSE Diary

Declined	1563	1011
Unchanged	689	685
Total Issues	2934	2959
New Highs	9	22
New Lows	173	86

AMEX Diary

AMEX Diary

Declined	297	259
Unchanged	716	237
Total Issues	806	847
New Highs	6	5
New Lows	38	37

NASDAQ Diary

Volkswagen Warns of Cut In Workweek

By Brandon Mitchener

International Herald Tribune

FRANKFURT — A year after it first circulated plans for a four-day workweek, Volkswagen AG has warned employees that they should start thinking in terms of a 24-hour week.

In its newest five-year plan, other details of which caused VW's stock price to drop about 8 percent over the past week, the company predicted it would need 50,000 fewer employees than its current total of 194,000 worldwide by 1999 because it expected a 54 percent increase in productivity.

The five-year plan confirmed the company's intentions of extending beyond 1995 the experimental four-day workweek in its German manufacturing facilities, a move that is said to have saved 30,000 jobs.

But a top VW labor representative said he thought an even shorter workweek was more likely than a return to full-time employment, a concept that the company did not immediately discard. "We'll talk about the 24-hour week if it becomes a subject in 1995," Peter Schielein, a Volkswagen spokesman, said.

In an interview with the German magazine Auto, Motor & Sport, which hits the newsstands Friday, Klaus Volkert, head of the VW workers council, said productivity in the company's German plants was

already rising so fast there could be no return to a 35-hour week without imposing layoffs. Currently, Volkswagen employees work an average of 28.8 hours a week.

"The 24 hours are closer than the 35," Mr. Volkert was quoted as saying, while questioning whether workers could afford the corresponding wage loss.

The VW plan, which was debated at a supervisory board meeting last week and only now became public in detail, calls its goal of a 54 percent increase in productivity worldwide "a conservative assessment."

The plan calls for every VW worker to produce 22 cars a year in 1999, compared with 14 now. Productivity at plants that produce Volkswagens would have to increase 11 percent a year.

At Sociedad Española de Automóviles de Turismo SA, Volkswagen's Spanish unit, productivity is expected to rise 15 percent and at Skoda, its venture in the Czech Republic, a 30 percent rise is predicted.

Autolatina to Be Dropped
Volkswagen and Ford Motor Co. plan to end their joint venture in Brazil and Argentina, known as Autolatina, next year, news agencies reported from Wolfsburg, Germany.

Autolatina, which is 51 percent owned by VW and 49 percent owned by Ford, was set up in 1987.

Central Europe Seduces the West

Bloomberg Business News

LONDON — Central Europe's competitive edge over its Western neighbors is proving irresistible to big companies in Western Europe facing high costs at home.

From a 300 million Deutsche mark (\$191 million) plant in Gyor, a Hungarian industrial city on the Budapest-Vienna highway, Audi AG has just started shipping four-cylinder engines for its new mid-sized A4 cars to southern Germany.

Io St. Gotthard, owner of the Austro-Hungarian border, General Motors Corp. builds Astra cars to ship to Germany, Italy and Turkey.

If we did not have this opportunity, God knows what we would have done," said Eberhard von Koerber, president of ABB Asea Brown Boveri Ltd. "This is a gift of history."

Under mounting competitive pressures in world markets, these and other Western companies are taking a fresh look at Central Europe. More companies today regard the region — Poland, Hungary and the Czech Republic — as a potential exporting base.

The region's low wages, highly educated work force and competitive exchange rates look inviting. The potential opportunity for Western manufacturers based in the region or contemplating investment looks enticing enough, especially since tax incentives often supplement the countries' other advantages.

Vladimir Dloobly, the Czech minister of industry and trade, chides Western Europe for the high cost employ-

Delors Warns of Job Crisis

Reuters

BRUSSELS — The European Union summit meeting in Essen, Germany, next week must take solid steps to tackle the region's high unemployment or risk seeing society disintegrate, Jacques Delors, president of the European Commission, said Thursday.

"We must make a breakthrough at Essen," Mr. Delors told the European Parliament. "I will not be co-opted with vague phrases."

More than 17 million people are out of work in the EU, a number that is not expected to shrink by much soon, despite a return to economic growth, unless extra steps are taken.

Mr. Delors called on leaders at the two-day meeting set to begin Friday to create jobs by approving 14 major road and rail projects and ways of funding them.

Companies are impressed by the availability of educated workers at low cost. In the Czech Republic, manufacturing wages average \$220 a month, or about \$1.25 an hour. In Hungary, monthly wages average about \$250, and in Poland, between \$400 and \$500.

In Germany, where Europe's wage costs are highest, total labor costs per hour average about \$27.

There are caveats: Although labor is cheap, strikes are common in Poland. Throughout the region, pressure for higher wages is growing by the day.

Wage increases are large enough for the Hungarian government to warn that they could deter foreign investment. In the Czech Republic, Volkswagen AG made it clear that wage restraint was of vital importance to Skoda, the Czech carmaker in which VW has an equity stake set to rise to 50.5 percent this month.

Even so, "the enormous productivity increases in Central Europe will for years offset the increase in wages," Mr. Koerber of ABB said.

The region's exchange rates, too, are likely to remain advantageous for Western currencies for some time.

Still, it will take some time for exports from the region to emerge as a force significant enough to shake up Western Europe.

Yet there is little doubt the exporting trend will broaden. "It could have a big impact," Mr. Land said. "Certain manufacturers will be looking less at Southeast Asia and more at Central Europe."

KRETEK: Indonesia Cigarette Maker Is Red-Hot

Continued from Page 15

industry except oil and gas. (Sampoerna has made one bow in the direction of public health by introducing the first low-tar, low-nicotine kretek, called A-Mild.)

Mr. Putera took over from his late father in 1980. Highly Westernized — he spent much of his youth in Australia and the United States — he inherited a company steeped in traditional Indonesian ways of doing business.

For example, many of the workers, especially those who grew up in rural villages, believe in ghosts.

Mr. Putera recalled the time a light bulb burst in a factory. "Suddenly, you had 2,000 people running out of the factory. Women were crying. I was in the middle, trying to comfort them."

Eventually, Mr. Putera summoned a priest to bless the factory to get everybody back to work.

Mr. Putera left largely un-

touched a number of traditions established by his grandfather, notably the company's paternalistic, almost feudalistic personnel policy.

Workers are organized into Indonesian-style villages and subvillages headed by layers of managers, or supervisors, and village chiefs.

The mandurs, chosen by consensus from among their peers, play big-sister roles in the personal lives of the women they supervise, and anyone who is not a member of a "village" is expected to ask the chief's permission to enter its area — and that includes Mr. Putera himself.

The company is convinced that these sorts of policies are responsible for its relatively low employee turnover, which is important for a company that spends three to six months training each worker to make cigarettes according to its exacting specifications.

But Mr. Putera did radically

alter Sampoerna's business strategy from its historical role as a pure manufacturer that left marketing up to independent distributors. As Indonesia's economy began to take flight in the late 1980s, he recognized the need to make the company more market-driven.

The company, which had never advertised until 1990, developed a campaign three years ago aimed at capitalizing on 2-3-4's premium image by asking the question: "Do you remember the first 2-3-4 you ever smoked?"

Sampoerna's share of Indonesian cigarette sales shot up from around 4 percent in early 1992 to just under 10 percent at the start of 1993 and even further this year, to nearly 15 percent in June, according to Survey Research Indonesia. Profits from sales of the high-margin 2-3-4 have grown so quickly that Sampoerna's earnings this year are projected to reach \$100 million.

Grand Met Profit Up, Jobs Off

Compiled by Our Staff From Dispatches

LONDON — Grand Metropolitan PLC said Thursday that annual earnings rose 5 percent, but the British food and drinks company said it would have to cut 2,600 jobs worldwide as part of its restructuring charge made along with its full-year results.

Grand Met posted pretax profit, including provisions for job cuts and plant closures, at \$554 million for the year to September. Sales slipped to \$7.78 billion from \$8.12 billion in the previous year.

Strong earnings growth at Pillsbury Co., driven by increased sales and higher margins, overshadowed a slump in profit at Grand Met's branded spirits business, International Distillers & Vintners Ltd., the company said.

But Grand Met told investors that plant closures, job cuts and increased marketing expenditure at IDV, the world's largest spirits company, would strengthen profit next year.

The branded foods business, which has operations in Europe and North America, made an operating profit of £267 million, up 18 percent from last year. But while U.S. earnings increased, profit from Grand Met's European foods business fell below last year's figure as prices were cut.

But cost-cutting program is expected to reduce

the food businesses' costs by about £46 million a year, the company said.

George Bull, the chief executive, said operating profit from continuing businesses was up 5.4 percent, reflecting strong performances by Pillsbury and Burger King but "difficult market conditions on drinks."

The earnings were lower than expected, and Grand Met shares ended 8 pence lower at 376.

(Bloomberg, Reuters, AFP)

Hanson's Earnings Exceed Forecasts

Shares of Hanson PLC rose after the British industrial company reported higher-than-expected earnings for the year ended Sept. 30 and predicted improved performance this year, Reuters reported.

Hanson shares rose 3 to 238 after the company said pretax profit rose 33 percent from a year earlier, to £1.35 billion, while sales rose 14 percent, helped by the purchase of the U.S. company Quantum Chemical Corp. at the beginning of the year.

Hanson has interests in chemicals, tobacco, housewares and mining.

The chief executive, Derek Bonham, said an improving economic climate and the continued strong performance of Hanson's companies would provide "another excellent result for the current year."

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2200	2200	2200
2000	2000	2000
1800	1800	1800
1600	1600	1600
1400	1400	1400
1200	1200	1200
1000	1000	1000
800	800	800
600	600	600
400	400	400
200	200	200
0	0	0

Exchange	Index	Change	% Change
Amsterdam	AEX	400.00	+0.30
Brussels	Stock Index	2,200.00	+0.12
Frankfurt	DAX	2,200.00	+0.08
Helsinki	HEX	1,200.00	+0.05
London	Financial Times 100	2,200.00	+0.12
London	FTSE 100	2,200.00	+0.12
Madrid	General Index	2,200.00	+0.10
Paris	CAC 40	2,200.00	+0.10
Stockholm	Almindex	1,200.00	+0.10
Zurich	SIX	2,200.00	+0.10

Very briefly:

- Telefonica de España SA said it would restructure its several lines of business to better prepare the company for competition and make it more attractive to potential foreign investors.
- VEBA AG said it would restructure its insurance activities and dismiss one management board member and one director at Veba units because of a report on fraud at its insurance agency, Hamburger Hof GmbH, which will cease operations.
- Lufthansa AG said it was in talks with Scandinavian Airlines System on a cooperation agreement. The German airline and Thai Airways International are also considering a joint subsidiary airline to operate cargo services in the Asia-Pacific region from late next year.
- West German manufacturing output rose a provisional and adjusted 1.6 percent in October, compared with September, the Economics Ministry said.
- ABB Asea Brown Boveri Ltd., the Swiss-Swedish electrical engineering conglomerate, said it had won a \$900 million order for high-speed locomotives and urban trains from Germany's national railway, Deutsche Bahn AG.
- Matsushita Electronic Components GmbH said it would buy Nokia Display Techniques GmbH, a German picture-tube maker, owned by Nokia Consumer Electronics of Finland.
- Royal Bank of Scotland PLC reported a 106 percent increase from a year earlier in annual pretax profit, to £532 million (\$830 million), as bad-debt provisions dropped.
- 3i Group PLC, a major European venture capital company, said the value of its investments in small and medium-sized companies rose nearly 7 percent in the first half of its financial year.

BASF Quits 7 Exchanges

Bloomberg Business News

LUDWIGSHAFEN, Germany — The chemicals giant BASF AG has become the first big German company to withdraw its shares from the seven regional German stock exchanges.

The company's shares will now be traded only on the Frankfurt Stock Exchange, Germany's biggest.

The move, which the company said was to save money and provide investors with a more active market in Frankfurt, prompted speculation that other companies would follow.

"Investors increasingly want to trade on exchanges with higher liquidity," Max Dietrich Kley, chief BASF financial officer, said at a news conference. He said this was an international trend evident in other centers such as Paris and London.

BASF is one of the 30 blue-chips that make up the leading stock index, the DAX Index. That will not change. But for the smaller exchanges in Berlin, Bremen, Düsseldorf, Hamburg, Hannover, Munich and Stuttgart, BASF's withdrawal will add pressure to find ways to maintain revenue.

NYSE Thursday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock	Div	Yld	PE	Ratio	High	Low	Latest	Chg
Alcoa	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00

12 Month High Low Stock	Div	Yld	PE	Ratio	High	Low	Latest	Chg
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00

12 Month High Low Stock	Div	Yld	PE	Ratio	High	Low	Latest	Chg
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
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Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00

12 Month High Low Stock	Div	Yld	PE	Ratio	High	Low	Latest	Chg
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
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Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
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Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
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Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	1			
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
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Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00	4.00	15.0	1.00	100.00	95.00	98.00	+3.00
Amgen	1.00							

NYSE

Thursday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month	High	Low	Open	Close	Volume
IBM Corp.	110.00	108.00	109.00	109.00	1,200,000
Microsoft Corp.	55.00	54.00	54.50	54.50	800,000
Apple Computer Inc.	45.00	44.00	44.50	44.50	600,000
Oracle Corp.	35.00	34.00	34.50	34.50	400,000
Sun Microsystems Inc.	25.00	24.00	24.50	24.50	300,000
Novell Inc.	15.00	14.00	14.50	14.50	200,000
Lotus Development Corp.	10.00	9.50	9.75	9.75	150,000
Intuit Inc.	8.00	7.50	7.75	7.75	100,000
Visa U.S.A. Inc.	6.00	5.50	5.75	5.75	80,000
MasterCard Inc.	5.00	4.50	4.75	4.75	70,000

Continued from previous page	
12 Month High Low Open Close Volume	
Wells Fargo Bancorp.	12.00 11.50 11.75 11.75 120,000
Bank of America Corp.	11.00 10.50 10.75 10.75 110,000
Citigroup Inc.	10.00 9.50 9.75 9.75 100,000
JP Morgan Chase & Co.	9.00 8.50 8.75 8.75 90,000
Goldman Sachs Group Inc.	8.00 7.50 7.75 7.75 80,000
Travelers Group Inc.	7.00 6.50 6.75 6.75 70,000
MetLife Inc.	6.00 5.50 5.75 5.75 60,000
Prudential Financial Inc.	5.00 4.50 4.75 4.75 50,000
American International Group Inc.	4.00 3.50 3.75 3.75 40,000
Chubb & Son Ltd.	3.00 2.50 2.75 2.75 30,000

Continued from previous page					
12 Month High	Low	Open	Close	Volume	
General Electric Co.	25.00	24.00	24.50	1,500,000	
General Motors Corp.	20.00	19.00	19.50	1,200,000	
Ford Motor Co.	15.00	14.00	14.50	1,000,000	
Chrysler Corp.	10.00	9.50	9.75	800,000	
Stellantis NV	8.00	7.50	7.75	700,000	
Continental AG	6.00	5.50	5.75	600,000	
Volkswagen AG	5.00	4.50	4.75	500,000	
BMW AG	4.00	3.50	3.75	400,000	
Mercedes-Benz Group AG	3.00	2.50	2.75	300,000	
Infiniti Inc.	2.00	1.50	1.75	200,000	

Continued from previous page					
12 Month High Low Open Close Volume					
Toyota Motor Corp.	15.00	14.00	14.50	14.50	1,200,000
Honda Motor Co. Ltd.	10.00	9.50	9.75	9.75	1,000,000
Nissan North America Inc.	8.00	7.50	7.75	7.75	800,000
Subaru Corp.	6.00	5.50	5.75	5.75	600,000
Mazda Motor Corp.	5.00	4.50	4.75	4.75	500,000
Suzuki Motor Corp.	4.00	3.50	3.75	3.75	400,000
Isuzu Motors Ltd.	3.00	2.50	2.75	2.75	300,000
Mitsubishi Motors Corp.	2.00	1.50	1.75	1.75	200,000
Infiniti Inc.	1.00	0.50	0.75	0.75	100,000
Other Japanese Automakers	0.50	0.25	0.375	0.375	50,000

Symbol	12 Month High	12 Month Low	Open	Close	Volume
Mercedes-Benz Group AG	3.00	2.50	2.75	2.75	300,000
Infiniti Inc.	2.00	1.50	1.75	1.75	200,000
Other Japanese Automakers	0.50	0.25	0.375	0.375	50,000
Continental AG	6.00	5.50	5.75	5.75	600,000
Volkswagen AG	5.00	4.50	4.75	4.75	500,000
BMW AG	4.00	3.50	3.75	3.75	400,000
Mercedes-Benz Group AG	3.00	2.50	2.75	2.75	300,000
Infiniti Inc.	2.00	1.50	1.75	1.75	200,000
Other Japanese Automakers	0.50	0.25	0.375	0.375	50,000

Continued from previous page	
12 Month High Low Open Close Volume	
General Electric Co.	25.00 24.00 24.50 24.50 1,500,000
General Motors Corp.	20.00 19.00 19.50 19.50 1,200,000
Ford Motor Co.	15.00 14.00 14.50 14.50 1,000,000
Chrysler Corp.	10.00 9.50 9.75 9.75 800,000
Stellantis NV	8.00 7.50 7.75 7.75 700,000
Continental AG	6.00 5.50 5.75 5.75 600,000
Volkswagen AG	5.00 4.50 4.75 4.75 500,000
BMW AG	4.00 3.50 3.75 3.75 400,000
Mercedes-Benz Group AG	3.00 2.50 2.75 2.75 300,000
Infiniti Inc.	2.00 1.50 1.75 1.75 200,000

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12 Month High Low Open Close Volume					
General Electric Co.	25.00	24.00	24.50	24.50	1,500,000
General Motors Corp.	20.00	19.00	19.50	19.50	1,200,000
Ford Motor Co.	15.00	14.00	14.50	14.50	1,000,000
Chrysler Corp.	10.00	9.50	9.75	9.75	800,000
Stellantis NV	8.00	7.50	7.75	7.75	700,000
Continental AG	6.00	5.50	5.75	5.75	600,000
Volkswagen AG	5.00	4.50	4.75	4.75	500,000
BMW AG	4.00	3.50	3.75	3.75	400,000
Mercedes-Benz Group AG	3.00	2.50	2.75	2.75	300,000
Infiniti Inc.	2.00	1.50	1.75	1.75	200,000

12 Month High Low Stock	Ch	YM	PE	Div	High	Low	Latest Ch
General Electric Co.	25.00	24.00	24.50	24.50	1,500,000		
General Motors Corp.	20.00	19.00	19.50	19.50	1,200,000		
Ford Motor Co.	15.00	14.00	14.50	14.50	1,000,000		
Chrysler Corp.	10.00	9.50	9.75	9.75	800,000		
Stellantis NV	8.00	7.50	7.75	7.75	700,000		
Continental AG	6.00	5.50	5.75	5.75	600,000		
Volkswagen AG	5.00	4.50	4.75	4.75	500,000		
BMW AG	4.00	3.50	3.75	3.75	400,000		
Mercedes-Benz Group AG	3.00	2.50	2.75	2.75	300,000		
Infiniti Inc.	2.00	1.50	1.75	1.75	200,000		

Symbol	12 Month High	12 Month Low	Open	Close	Volume
General Electric Co.	25.00	24.00	24.50	24.50	1,500,000
General Motors Corp.	20.00	19.00	19.50	19.50	1,200,000
Ford Motor Co.	15.00	14.00	14.50	14.50	1,000,000
Chrysler Corp.	10.00	9.50	9.75	9.75	800,000
Stellantis NV	8.00	7.50	7.75	7.75	700,000
Continental AG	6.00	5.50	5.75	5.75	600,000
Volkswagen AG	5.00	4.50	4.75	4.75	500,000
BMW AG	4.00	3.50	3.75	3.75	400,000
Mercedes-Benz Group AG	3.00	2.50	2.75	2.75	300,000
Infiniti Inc.	2.00	1.50	1.75	1.75	200,000

Continued from previous page					
12 Month High	Low	Open	Close	Volume	
General Electric Co.	25.00	24.00	24.50	1,500,000	
General Motors Corp.	20.00	19.00	19.50	1,200,000	
Ford Motor Co.	15.00	14.00	14.50	1,000,000	
Chrysler Corp.	10.00	9.50	9.75	800,000	
Stellantis NV	8.00	7.50	7.75	700,000	
Continental AG	6.00	5.50	5.75	600,000	
Volkswagen AG	5.00	4.50	4.75	500,000	
BMW AG	4.00	3.50	3.75	400,000	
Mercedes-Benz Group AG	3.00	2.50	2.75	300,000	
Infiniti Inc.	2.00	1.50	1.75	200,000	

12 Month High Low Stock		Div	Yld	PE	100%	High	Low	Latest	Div Yr
General Electric Co.	25.00 24.00	1.30	5.2	15.4	100%	25.00	24.00	24.50	1.30
General Motors Corp.	20.00 19.00	1.20	6.0	13.3	100%	20.00	19.00	19.50	1.20
Ford Motor Co.	15.00 14.00	1.00	6.7	12.1	100%	15.00	14.00	14.50	1.00
Chrysler Corp.	10.00 9.50	0.80	8.4	11.9	100%	10.00	9.50	9.75	0.80
Stellantis NV	8.00 7.50	0.70	8.8	11.4	100%	8.00	7.50	7.75	0.70
Continental AG	6.00 5.50	0.50	8.3	10.8	100%	6.00	5.50	5.75	0.50
Volkswagen AG	5.00 4.50	0.40	8.9	11.2	100%	5.00	4.50	4.75	0.40
BMW AG	4.00 3.50	0.30	9.5	11.6	100%	4.00	3.50	3.75	0.30
Mercedes-Benz Group AG	3.00 2.50	0.20	10.1	12.0	100%	3.00	2.50	2.75	0.20
Infiniti Inc.	2.00 1.50	0.10	10.7	12.4	100%	2.00	1.50	1.75	0.10

Continued from previous page					
12 Month High	Low	Open	Close	Volume	
General Electric Co.	25.00	24.00	24.50	1,500,000	
General Motors Corp.	20.00	19.00	19.50	1,200,000	
Ford Motor Co.	15.00	14.00	14.50	1,000,000	
Chrysler Corp.	10.00	9.50	9.75	800,000	
Stellantis NV	8.00	7.50	7.75	700,000	
Continental AG	6.00	5.50	5.75	600,000	
Volkswagen AG	5.00	4.50	4.75	500,000	
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Continued from previous page	
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Chrysler Corp.	10.00 9.50 9.75 9.75 800,000
Stellantis NV	8.00 7.50 7.75 7.75 700,000
Continental AG	6.00 5.50 5.75 5.75 600,000
Volkswagen AG	5.00 4.50 4.75 4.75 500,000
BMW AG	4.00 3.50 3.75 3.75 400,000
Mercedes-Benz Group AG	3.00 2.50 2.75 2.75 300,000
Infiniti Inc.	2.00 1.50 1.75 1.75 200,000

صحة الامم

Inflation and Aid To the Jobless Lead China's '95 Agenda

BEIJING — Controlling inflation and compensating workers laid off from unprofitable state-owned companies will head China's agenda for economic reform next year, officials said Thursday.

The announcement was made on national television after an economic conference that opened Monday.

"Currently, China's most outstanding problem is excessively rapid price rises," the announcement said.

Deputy Prime Minister Zhu Rongji, responsible for guiding the economy, said the next most important problems were the management of state-owned enterprises and maintaining social order, especially in the provinces.

The free-market reforms of the paramount leader, Deng Xiaoping, were reaffirmed, but high inflation is threatening to undermine some of the achievements they have brought.

Outlining tasks for 1995, China's Communist leadership said the first job would be to "strictly and consistently control and stop inflation."

In October, consumer price inflation in 35 major cities reached an annual rate of 27 percent.

In addition, more than one-third of China's thousands of state-owned companies are losing money and draining the national treasury as they struggle to adjust to a new system that requires them to compete with vibrant private enterprises.

High-Tech Trade Soars

Chinese imports and exports of high-technology products reached a record \$20.59 billion in 1993, up 40 percent from 1992. The Associated Press reported, citing official figures.

Imports jumped 48 percent, to \$15.91 billion, in 1993, while exports rose 17 percent, to \$4.68 billion. That left a trade deficit in the sector of \$11.23 billion, widened from \$10.71 billion a year earlier.

China Gets a New TV Station

HONG KONG — A new television station began beaming family-oriented programs throughout China Thursday.

Robert Chua, who is known for an ability to select hit programming, attracted \$50 million in investment capital to start China Entertainment Television Broadcast Ltd. Mr. Chua has ordered that the programs have "no sex, no violence, no news."

China Entertainment Television/Family Entertainment Channel, or CETV, started with a one-hour test program. It plans to air six hours of Mandarin-language programming starting March 11.

Chipmakers Raise Stakes

SEOUL — South Korea's semiconductor makers are stepping up their assault on the competition with billions of dollars in new investments, a move that is pulling their Japanese rivals into an ever more expensive cycle of factory and plant construction.

Korea's top three makers of semiconductors, Samsung Electronics Co., Hyundai Corp. and Gold Star Co., will spend more than \$6 billion on new semiconductor manufacturing facilities in 1995.

If successful, South Korea's share of the world market for 16-megabit memory chips may hit 48 percent by 1996, while Japan's may fall to 46 percent, according to Choo Dae Yung, an electronics analyst with the state-run Korea Institute for Economics and Technology. South Korean chipmakers have around 30 percent of the market now.

"We can't tell Samsung and the others to stop investing," said Hajime Sasaki, executive vice president of NEC Corp. But he said Japan's biggest chipmaker was "prepared to make the investment necessary to keep up."

Japanese chipmakers, which have dominated the dynamic random-access memory (DRAM) chip industry since the early 1980s, are finding themselves in a squeeze. To keep up with South Korea, they need to spend as much as \$1 billion for each new plant. At the same time, they need to keep memory chip prices down.

Holding on to their leadership in memory chips is all the more important because Japanese concerns have failed to make a significant impact in the more profitable market for logic chips and microprocessors, which are semiconductors used to control functions of electronic devices rather than simply for storing data. The market is dominated by U.S. companies, especially Intel Corp. and Motorola Inc.

The expansion plans of the big three Korean chipmakers will raise their combined production capacity of 16-megabit chips to 25 million units a month from 4.5 million.

Samsung invested \$1.6 billion this year in memory chip plants and plans to spend \$2.25 billion to build production lines for 16- and 64-megabit DRAM semiconductors. Hyundai will increase spending on semiconductors next year by 20 percent, to \$2.4 billion. Gold Star plans to spend \$1.88 billion this year on expansion, up from \$875 million last year.

But Japanese makers are matching their Korean counterparts with some expensive investments of their own.

In the past three months, NEC has announced an \$800 million investment in a new plant in Scotland, a \$50 million update of a memory plant in California, a \$1 billion oew production line at a site in southern Japan and \$10 million to refurbish plants to chip plants in Singapore and Malaysia.

Toshiba Corp., Japan's second-largest chipmaker, said in September it would spend about \$1 billion to expand one of its Japanese chip plants.

NEC Unveils Music by Credit Card

TOKYO — NEC Corp. has developed a palm-sized audio system with no moving parts that can play music with the same quality as a compact disc or digital audio tape, the company said Thursday.

The so-called Silicon Audio system stores music on fat cards roughly the size of credit cards, and the cards can be played on a Walkman-like pocket stereo system. The cards contain rows of computer memory chips. Each card can hold 24 minutes of music, the company said.

Mark Pearce, a spokesman for NEC, said the company hoped to market the system "as soon as possible" but said it was not likely to be mass-produced before 2000.

Unlike compact disc or cassette players, Silicon Audio has no moving parts, meaning there would be no vibrations distorting sound quality.

Also on Thursday, NEC's high-tech rival Hitachi Ltd. said its first-half profit rose 23 percent, to 130.29 billion yen (\$1.3 billion), as its overseas units returned to profitability.

Car Sales Improve In Japan

TOKYO — The Japan Automobile Dealers Association reported Thursday that Japan's domestic vehicle sales rose 6.1 percent in November from a year earlier, their sixth straight month of gains.

Analysts predicted that sales would go on to show a full-year increase this year, for the first time in four years.

"Japan sales will rise by 2 percent to 3 percent from a year earlier, to around 5 million in calendar 1994," said Hiroshi Suemasa, an analyst at Kanaku Research Institute Inc.

Vehicle sales fell 8.4 percent in 1993.

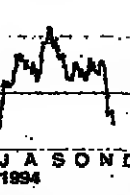
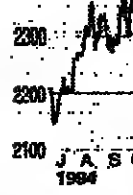
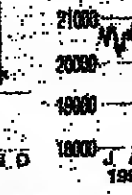
Noriyuki Matsushima, an analyst at Nikko Research Center Ltd., said, "Domestic sales are now in a recovery phase but will slowly track the domestic economic recovery."

At Toyota Motor Corp., November sales rose 3.0 percent from a year earlier. Nissan Motor Co. posted a 2.8 percent gain, while sales surged 17.2 percent at Mitsubishi Motors Corp. Mazda Motor Corp.'s sales rose 3.2 percent.

Honda Motor Co.'s sales fell 10.5 percent in November because of high demand last year for its Ascot and Rafaga models, a company spokesman said.

Separately, Agency France-Press reported that Toyota was the most profitable Japanese company for the seventh year in a row, according to a survey conducted by Nihoo Keizai Shimbun, a business daily.

Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
Exchange Index		Thursday Close		Prev. Close % Change	
Hong Kong Hang Seng		8,430.80		8,466.28 -0.42	
Singapore Straits Times		2,229.35		2,242.08 -0.57	
Sydney All Ordinaries		1,900.40		1,890.70 -0.51	
Tokyo Nikkei 225		19,013.60		19,121.72 -0.57	
Kuala Lumpur Composite		986.13		1,013.13 -2.67	
Bangkok SET		1,371.80		1,362.44 -0.67	
Seoul Composite Stock		1,066.21		1,074.41 -0.76	
Taipei Weighted Price		6,444.05		6,363.72 +1.26	
Manila PSE		2,645.36		2,691.19 -1.70	
Jakarta Stock Index		482.13		482.63 -0.10	
New Zealand NZSE-40		1,976.06		1,988.97 -0.78	
Bombay National Index		7,983.42		7,959.56 -0.31	

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- Acer Inc., a Taiwan-based manufacturer of personal computers, plans to enter the telecommunications business next year and start producing mobile phones, pagers and digital cordless phones.
- British Telecommunications PLC plans to invest 440 million Australian dollars (\$334 million) in Australia over the next seven years and to move its Asia-Pacific headquarters to Sydney.
- The China Daily, the country's only national English-language newspaper, said it planned to add four pages to the current 12 next year and expand coverage of economic news.
- Total SA of France and Sinochem, a Chinese state trading firm, have agreed to cross sales of crude oil and chemical products worth \$1 billion over the next three years, Total Beijing said.
- International Petroleum Corp. of Canada said it had made a potentially large oil find off the east coast of Malaysia.
- South Korea's trade deficit swelled 54 percent from a year earlier, to \$6.26 billion, in the first 11 months of 1994 as imports hit an all-time high.

Foreigners Buy in Seoul as Koreans Sell

SEOUL — Foreign investors snapped up blue-chip shares that became available to them Thursday after the government increased the ceiling on foreign stock ownership to 12 percent from 10 percent.

But brokers said domestic institutional investors were selling as furiously as foreigners bought, leaving the benchmark composite index down 8.2 points at 1,066.21.

"This mirrors strong foreign interest in our market," Koo Ja Sam of Daewoo Securities Co. said. But some analysts said the fact that domestic investors were selling might indicate a trend.

"This gave institutions an opportunity to materialize profits. The market is expected to consolidate further," said Choi Bum, general manager of W.I. Carr (Far East) Ltd. in Seoul.

Analysts said South Korean institutions, concerned about a liquidity squeeze by the central bank and uncertain about market direction, were trying to secure more cash.

"Institutional investors lowered their offers on large manufacturing shares to make sure they were sold to foreigners," said Cho Hyun Kwang, a trader at Coryo Securities Co.

Despite the decline in the index, stocks that gained outperformed those that declined by 467 to 404, because most of the stocks that fell were those of large manufacturing companies, which are heavily weighted in the index.

Immediately after trading started, foreign investors placed orders for about 40 top manufacturing shares that had already been at the old 10 percent foreign-investment limit.

Korean institutions competed to sell their holdings to the eager foreign firms.

While foreign investors as a group can now hold 12 percent of any one South Korean company's stock, the limit for individual ownership of any stock remains at 3 percent.

Manila's Growth Rate Rises

MANILA — Philippine economic growth gathered pace in the third quarter, helped by a record rise in farm output and strong industrial production, Celito Habito, the country's chief economic planner, said Thursday.

He said gross national product grew at an annual rate of 5.9 percent in the quarter, and he predicted growth of about 5.5 percent for the year. GNP grew at an annual rate of 5.5 percent during the first nine months of the year, compared with 2.2 percent a year earlier.

Mr. Habito said growth was being driven by investment and higher demand and therefore should be sustainable.

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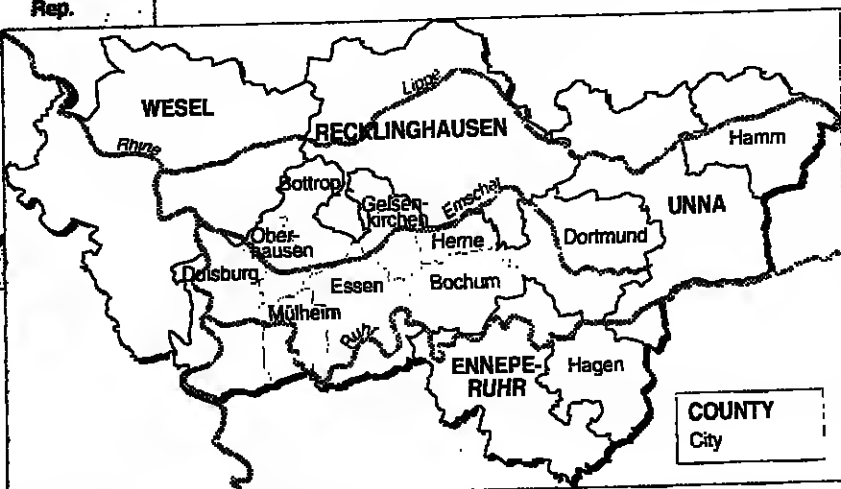
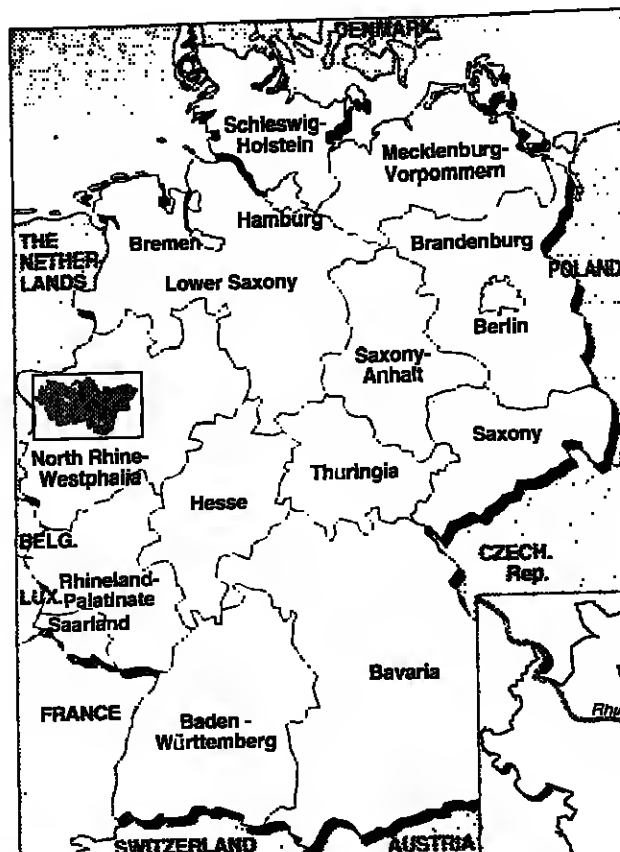
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THE RUHR AREA

EMBLEM OF EUROPE'S CONSTANT RENEWAL

The Ruhr area exemplifies how Europe's key industrial areas have adapted to technological change.

Some 4,500 European Union ministers, staff members and journalists will be arriving in the Ruhr district on the afternoon of Dec. 8. Their meeting place: the Messehaus Süd (South House) on Essen's trade-fair grounds, where, over the following two days, the 35th summit conference of the Council of the European Union will be held.



"THE RUHR AREA" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITER: Terry Swartzberg is a business writer based in Munich. PROGRAM DIRECTOR: Bill Mahler.

At the European Union summit in Essen starting Dec. 8, the last major event of Germany's EU presidency, the Council will strive to formulate Union-wide policies on measures protecting the atmosphere from a further rise in the levels of carbon dioxide, harmonizing individual countries' rates of interest-income taxation and how to proceed with the EU's putative expansion eastward.

The routes the delegates will take to get to the conference are short and well-trodden. Essen is about three hours by train from Brussels and an hour and 20 minutes' flight from Copenhagen. London and Milan. Traversing these stretches over the past decade and a half has been a large number of peripatetic professionals: urban and regional planners, environmental protection experts, businesspeople and architectural conservationists.

Apart from this, the Ruhr boasts a diversified business community, with a noticeable tilt toward heavy engineering, international trading, energy and environmental technologies, and telecommunications networks, plus some primary goods processing — a typical spread for a progressive region in Europe.

Like the rest of Germany and most of Western Europe, the Ruhr shows an encouraging growth rate — 2.2 percent at last report — which is helping to bring down a still-too-high rate of unemployment.

The Ruhr has a goodly collection of medieval castles and

churches. It does not have wretched slums or appalling industrial blight. What it does have is a lot of open land and water — nature accounts for 62 percent of the district's surface area — and pleasantly heterogeneous inner cities.

The legacy of coal and steel
A generation ago, the Ruhr's state of affairs and future prospects were among the most worrisome in Europe. Like England's Midlands, France's North and Lorraine regions, the Ruhr and the "rust belts" in Belgium and Luxembourg, the Ruhr had ridden two major, intertwined industries to affluence and had ridden two major, intertwined industries to decline. When competition from abroad and from new technologies made coal and steel nonviable commodities, the Ruhr's very economic and social survival became imperiled. With every report of a coal mine closing or steel plants curtailing production, an insidious and powerful scenario gathered strength and form. "The prevailing idea was that each business area has a certain life cycle," says Frank Levermann, press spokesman at Kommunalverband Ruhrgebiet (KVR), the region's development and environmental protection authority, "and that the Ruhr, like its counterparts, had irreversibly and inevitably reached the cycle's final stage, that it was condemned to be a 'burned-out giant' lingering on in a twilight of subsidies and underemployment."

A dramatic turnaround
Instead, in a dramatic turnaround, a new cycle was begun in the early 1980s, accompanied by the creation of 210,000 jobs during the decade. Nearly all were in the region's mushrooming services sector, and most of them were at the sector's high end, in such areas as project engineering, printing and finance. Today, services account for about 60 percent of the region's economic output — a bit more than the German average.

To accomplish this turnaround, a broad-based, ad hoc coalition was formed. It included the governments of the state of North Rhine-Westphalia and the Ruhr's 15 major communities and administrative districts, plus the KVR and other regional bodies, the local business community and such specialized project development authorities as LEG (Landesentwicklungsgesellschaft Nordrhein-Westfalen).

In inducing this transformation, the members of this coalition called on a number of potent assets: their own considerable financial resources, their ability to work together and the legacy of a highly successful past.

Corporate strength
During a 160-year period, dating from Friedrich Krupp's founding of his machine-building company in Essen in 1811, large-scale corporate empires were built up in the region. Bearing such names as Thyssen, Mannesmann and Gutehoffnungshütte, these empires diversified over time, entering into everything from automotive and aerospace engineering to construction and energy supply.

Not surprisingly, this accumulation of corporate wealth and consumer purchasing power triggered the growth of a retailing and trading sector that still occupies a position of primacy in Germany today. The names Aldi, Tengelmann and Karstadt are to be found in inner-city business districts and shopping centers all over Europe. The companies behind them have their headquarters in the Ruhr.

Efficient transport links
To serve this concentration of industrial and commercial power, a tightly woven grid of rail lines, roads and waterways was built up, including Duisburg's Ruhrort harbor, located at the junction of the Rhine and Ruhr rivers and the largest inland harbor in the world. Later came the airports, including Düsseldorf's, located just to the south of the Ruhr and the second-largest in Germany.

"This density and state of development of infrastructure has proven to be one of the region's major advantages as it has gone about redeveloping its industrial base," says Thomas Klante, head of information at RWE AG, Germany's largest energy and environmental technologies supplier, with headquarters in Essen. "In contrast to many other areas of Europe, each redevelopment site already had the necessary infrastructure in place. No site was more than 10 kilometers away from a highway."

It is the scale and scope of redevelopment and its highly interesting architectural and social products that are now proving a magnet to many segments of the world's intellectual and professional community.

Coal mines redesigned
There is no more coal mining, at least in such cities as Essen, where the last of 22 mines, Zollverein, ceased production in 1986. But the coal mines, or at least their aboveground structures, live on. Drawing on generous grants from the EU and employing architect Norman Foster's design, Zollverein is being restored and expanded. At latest report, four of its 26 magnificently austere Bauhaus structures had been refurbished.

Today, Zollverein houses galleries, stages, studios and vocational retraining facilities. Fittingly enough, Design Zentrum Nordrhein-Westfalen, a premier venue for retrospectives on and presentations of contemporary design in Europe, will move there at the beginning of next year.

Zollverein and many of its 139 counterparts are now venues for some of Europe's liveliest entertainment and cultural events. Equally interesting but more sedate are the offerings of the region's 135 museums, led by Essen's Folkwang.

Make way for technology
Renewal through restoration is one half of the Ruhr's development story. An indication of this renewal is provided by the work of the IBA (Internationale Bauausstellung) Emscher Park. Named after the Emscher river, the regional development program now includes 83 individual projects, ranging from the renaturation of 350 kilometers of waterways to the sprucing up of residential neighborhoods and inner cities.

Renewal through innovation is the story's other half. Germany's first technology park was founded in Dortmund in 1974. Today, the region has 28 of them, including ETEC (Essener Technologie- und Entwicklungs-Centrum), plus 15 universities and polytechnics (with 170,000 students), 38 technology-transfer institutes and 30 independent research centers.

These institutes have yielded a large crop of new companies — 500 over a recent five-year period — and new facilities, many of them in the field of environmental technologies.

Dynamic new projects
One of the most visible signs of the region's ever-increasing dynamism is the spate of recently launched inner-city development projects, any one of which would be enough to qualify as blockbusting. Their ranks include Oberhausen's 2-million DM shopping, sports and leisure-time center, being developed by the British P&O group; Bortwip's Warner Bros. Movie World, Europe's first film theme park; and the multi-billion-Deutsche-mark "Dienstleistungszentrum Stern," which will completely transform the face of downtown Essen upon completion in 1996.

"In a way, all that was done over the past generation was remedial, a highly successful form of catching up," says Mr. Levermann. "Over the last couple of years, we've finally started pulling ahead."

EUROPE'S NEW CENTRE — MOVED TO THE RUHR.

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SPORTS

Baseball Mediator Buys Time From Both Sides

By Murray Chass

New York Times Service

LEESBURG, Virginia — The mediator whom the Clinton administration sent to save major league baseball from itself is viewed by labor negotiators as a master of good timing, and Bill Urey Jr. has put that talent to use.

At his urging, the owners' negotiating team has agreed to postpone a meeting scheduled for Monday in Chicago, where the owners had been expected to declare an impasse in negotiations and implement their salary-cap proposal.

"I've asked the owners to put off the meeting, and they've agreed to do that," Urey said a little more than six hours after the two sides began meeting here, outside Washington.

"I've asked the owners to withdraw the threat of implementation and they've agreed to do that," he said. "It's everybody's interest to change those deadlines and continue negotiating."

At the same time Urey was persuading the owners to postpone implementation, he was pushing the players' negotiators to develop a counterproposal to the union's executive board meeting in Atlanta next week.

"It's our intention to come out with one," Donald Fehr, the players' labor leader, said. "I can't say more than that."

The two sides agreed to meet Dec. 9 in Rye Brook, New

York. John Harrington of the Boston Red Sox, who is the owners' chief labor spokesman, said they would also meet Dec. 15 or 16 at a site to be determined.

A key element of Urey's success was inducing the owners to agree to postponement without a guarantee of a new proposal from the players.

The agreement also involves postponing the Dec. 7 deadline for clubs to offer salary arbitration to their free agents.

The two sides agreed to put off that deadline until Dec. 17. After that date, unsigned players would be able to consider changing teams.

The deadline for response from players who receive offers was postponed from Dec. 19 to Dec. 23.

The postponements could not be taken as signs of progress, but as an effort to keep the talks going without disruptive actions.

"If there is a window, both sides found a way to keep it open a few days more, and that's very important," Lauren Rich, a union lawyer, said.

A 10-day delay in the owners' meeting would be enough time for the players to formulate and present a counterproposal and for the owners to decide if the approach is worth pursuing.

If they saw no promise in the proposal, the owners would presumably implement a salary cap at their rescheduled meeting.

A Dec. 20 deadline was not discussed. That's the date by which clubs must tender contracts to the approximately 900 players who are not signed for 1995. Neither side apparently wants to change that deadline.

As the National Hockey League lockout entered its third month, a crucial collective bargaining session began Thursday in Chicago, with the players to present a counterproposal to three of the most critical issues in that labor dispute, The Washington Post reported.

As one neutral source said, "If owners walk away from this, there will be no season."

The parties last met in Boston on Saturday, at which time the NHL Players' Association broke off the bargaining session after a half-hour, saying it needed more time.

Some on both sides were taken at the time, but after five days, the union had formulated a package that addresses a rookie salary cap, salary arbitration and free agency.

The negotiators had reserved room space in a Chicago hotel for three days. Both sides seemed agreed that these meetings are pivotal.

The owners' lockout has forced a work stoppage that was now in its 62d day. The schedule is already down to 60 games, following the cancellation of 24 for each of the 26 teams. Owners have said they will accept no less than a 50-game schedule.



Shaquille O'Neal, making the Kings' Mitch Richmond (left) and O'Neal Polynice duck with a dunk, scored the Magic's first 13 points, finishing with 41 in the 114-107 victory.

The Magic Touch Points to Title Shot

The Associated Press

The Orlando Magic are looking every bit like the title contenders they were projected to be at the start of the National Basketball Association season.

A 114-107 victory over the Sacramento Kings on Wednesday night gave Orlando its eighth consecutive victory, a record for the fifth-year franchise, and the best record in the league at 10-2.

"How you start is important, but how you finish means more," Magic's coach, Brian Hill, said.

Shaquille O'Neal led the way with 41 points, while Anfernee Hardaway added 23 and Nick Anderson 22.

The Magic haven't lost since Nov. 10, when the New York Knicks beat them, 101-99, in Madison Square Garden on a late jumper by Patrick Ewing. They have a chance to turn around that defeat on Friday, when the Eastern Conference champs come to town.

"We look at them as a team that was in the finals last year and who won our division," Hill said. "We know if we are going to be a real good team, we are going to have to go through New York."

O'Neal scored the Magic's first 13 points and finished the first period with 17 on 7-for-8 shooting. Then Anderson scored 16, with four 3-pointers, in the second quarter to give Orlando a 66-52 halftime lead.

Cavaliers 117, Lakers 79;

Seven Cleveland players scored in double figures as Los Angeles was handed one of its most lopsided defeats ever.

The loss ended the Lakers' five-game winning streak and sent them home with a 3-1 record for their four-game road trip.

Bulls 118, Suns 105: Scottie Pippen did it all for Chicago, getting 35 points, 9 rebounds, 4 assists and 5 steals while help-

NBA HIGHLIGHTS

ing keep Charles Barkley in check in the second half.

Pippen's 13-for-17 shooting helped the Bulls withstand a late surge to end the Suns' four-game winning streak.

Barkley, making just his second start of the season, led the visiting Suns with 22 points.

SuperSonics 109, Spurs 100: Seattle got 21 points from Gary Payton and 18 off the bench from Sam Perkins to help overcome David Robinson's 42 points for San Antonio.

In reaching a season high, Robinson made 15 of 20 shots from the field, 12 of 14 free throws and had 9 rebounds.

Celtics 118, Pistons 115: A season-high 37 points by Detroit's Terry Mills and a flurry of 3-pointers down the stretch weren't enough to beat Boston.

Dino Radja had 26 points and 12 rebounds at Boston Garden. Rick Fox added a season-high 21 points.

2 Would-Be Spoilers Give Big Guys Their Best Shots, but Narrowly Miss

The Associated Press

Ohio University and Wisconsin-Green Bay were good enough last season to make a little noise in the NCAA tournament.

They were almost good enough Wednesday night to knock off two of this season's best college basketball teams.

Ohio, concluding a two-week road trip that included a championship in the Preseason NIT, used a furious late second-half run to pressure No. 3 Kentucky before losing, 79-74.

"Ohio U. is a great basketball team," Kentucky's coach, Rick Pitino, said. "They have Final Four potential."

The Wildcats held Ohio's best player, Gary Trent, well below his season average, yet still couldn't shake the Bobcats (4-1), who lost a close game to Indiana in last season's NCAA tournament.

Wisconsin-Green Bay (0-3), which knocked off Jason Kidd and California in the NCAA tournament before barely losing to Syracuse, dropped a 61-57 decision to No. 13 Wisconsin.

The near-misses by Kentucky (2-0) and Wisconsin (2-0) were the only close games in the top 25.

In Lexington, Kentucky, the Bobcats went on a 14-2 run to close to 66-64 with 3:20 left to play, but Rodney Rhodes sank a free throw and Scott Jumper in the final three minutes to keep Ohio from tying it.

Tony Delk and Walter McCarty led Kentucky with 17 points apiece, while Mark Pope got 11 points and 11 rebounds.

Trent, averaging 25.8 points

and 14.5 rebounds, had 21 points and 10 rebounds, but made only six of 17 shots.

"We're really fatigued," Ohio's coach, Larry Hunter, said. "The last two weeks we've been on the road. I think our guys really sucked it up."

In Madison, Wisconsin, center Rashard Griffith scored 21 points in 9-for-13 shooting as the smaller Phoenix had trouble guarding him.

Griffith's basket with 4:12 left put Wisconsin on top, 58-45, before the Phoenix used a 10-0 run to close to 58-55 with a minute left. But Sean Daugherty's two free throws with 24 seconds left were the last points for Green Bay.

No. 9 Arizona 78, No. 17 Michigan 57: In Auburn Hills, Michigan, the inaugural Great Eight tournament ended with a great letdown for Michigan.

Arizona (3-1) had a 20-3 run before the Wolverines (2-2) made their first field goal of the second half, more than 7½ minutes in. By that time, it was 52-34, and Michigan never got closer than 13 the rest of the way.

SCOREBOARD

NBA Standings

EASTERN CONFERENCE

Team	W	L	Pct.
Orlando	10	2	.833
New York	7	4	.636
Boston	7	4	.636
New Jersey	7	4	.636
Washington	4	7	.364
Philadelphia	4	7	.364
Atlanta	3	9	.250

Team	W	L	Pct.
Cleveland	8	5	.615
Indiana	7	5	.583
Charlotte	7	6	.538
Chicago	7	6	.538
Detroit	7	6	.538
Albuquerque	5	7	.417
Atlanta	4	9	.308

Team	W	L	Pct.
Houston	10	2	.833
Utah	9	4	.692
Dallas	9	4	.692
Denver	6	6	.500
San Antonio	6	6	.500
Minnesota	1	13	.077

Team	W	L	Pct.
Phoenix	10	4	.714
Seattle	9	5	.643
Golden State	8	5	.615
L.A. Lakers	8	5	.615
Portland	8	5	.615
Sacramento	6	6	.500
L.A. Clippers	6	6	.500

Houston	10	3	.769	—
Utah	9	5	.643	1½
Dallas	7	4	.636	2
Denver	6	6	.500	3½
San Antonio	6	7	.462	4
Phoenix	5	7	.417	5

